

*In the opinion of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel, assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Series 2017 Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. Moreover, interest on the Series 2017 Bonds is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended; provided, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining "adjusted current earnings" for purposes of calculating the federal alternative minimum tax imposed on such corporations. Interest on the Series 2017 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein regarding certain other tax considerations.*

**\$30,275,000**

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
CIVIC DEVELOPMENT CORPORATION  
TAX-EXEMPT REVENUE BONDS  
(CLARKSON UNIVERSITY PROJECT), SERIES 2017**

**Dated: Date of Delivery****Due: September 1, as shown on the inside cover**

The St. Lawrence County Industrial Development Agency Civic Development Corporation Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2017 (the "Series 2017 Bonds") will be issued pursuant to an Indenture of Trust, dated as of April 1, 2017 (the "Indenture"), by and between the St. Lawrence County Industrial Development Agency Civic Development Corporation (the "Issuer") and Manufacturers and Traders Trust Company, as trustee (the "Trustee") and are payable from and secured by (i) a pledge of payments to be made under a Loan Agreement, dated as of April 1, 2017 (the "Loan Agreement") by and between the Issuer and Clarkson University (the "University"), (ii) a security interest in and lien on the Pledged Revenues (as defined herein) pursuant to a certain Pledge and Security Agreement, dated as of April 1, 2017, by and between the University and the Trustee (the "Pledge and Security Agreement"), and (iii) the respective funds and accounts (except the Rebate Fund) held by the Trustee under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS."

The Series 2017 Bonds are subject to redemption prior to maturity as described herein under the heading "THE SERIES 2017 BONDS — Redemption Prior to Maturity."

The proceeds of the sale of the Series 2017 Bonds will provide funds which, together with other available funds, will be used to: (i) finance various capital projects on the University's campus; (ii) refinance the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 2003; (iii) refinance the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 2007; and (iv) pay certain costs of issuance of the Series 2017 Bonds. See "THE PROJECT."

The Series 2017 Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository for the Series 2017 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Series 2017 Bonds. Interest on the Series 2017 Bonds will be payable on September 1, 2017 and semi-annually thereafter on March 1 and September 1 in each year until maturity.

The Series 2017 Bonds are special and limited obligations of the Issuer and do not constitute a debt or pledge of the full faith and credit of the Issuer, the State of New York, St. Lawrence County or any taxing authority or political subdivision thereof for the payment of the principal or redemption price thereof or interest thereon. The Issuer has no taxing powers.

This cover page contains information for general reference only. It is not intended as a summary of this transaction. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2017 Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the approving opinion as to the validity of the Series 2017 Bonds of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel. Certain legal matters will be passed upon for the University by its counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York; for the Issuer by its counsel, Underberg & Kessler LLP, Rochester, New York; for the Underwriter by its counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania; and for the Trustee by Harter Secrest & Emery LLP, Buffalo, New York. It is anticipated that the Series 2017 Bonds will be available for delivery in New York, New York, or as may be agreed upon, on or about April 27, 2017.

**George K. Baum & Company**



**\$30,275,000**

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
CIVIC DEVELOPMENT CORPORATION  
TAX-EXEMPT REVENUE BONDS (CLARKSON UNIVERSITY PROJECT), SERIES 2017**

**MATURITY SCHEDULE**

Maturity (September 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Price</u>	<u>Yield</u>	CUSIP No: (791078)
2020	\$ 920,000	4.000%	108.464%	1.400%	BR8
2021	1,360,000	4.000	110.076	1.590	BS6
2022	1,465,000	4.000	111.052	1.820	BT4
2023	1,525,000	4.000	111.669	2.030	BU1
2024	1,570,000	5.000	118.815	2.210	BV9
2025	1,650,000	5.000	119.468	2.410	BW7
2026	1,725,000	5.000	120.068	2.570	BX5
2027	1,815,000	5.000	119.858*	2.690	BY3
2028	1,900,000	5.000	118.622*	2.820	BZ0
2029	1,765,000	5.000	117.400*	2.950	CA4
2030	730,000	5.000	116.563*	3.040	CB2
2031	690,000	5.000	115.734*	3.130	CC0
2032	605,000	5.000	115.002*	3.210	CD8
2033	625,000	3.250	97.514	3.450	CE6
2034	385,000	3.375	97.744	3.550	CF3
2035	395,000	3.500	98.134	3.640	CG1
2036	410,000	3.625	98.966	3.700	CH9
2037	425,000	3.625	98.088	3.760	CJ5
2044	3,845,000	3.750	97.817	3.880	CL0
2047	6,470,000	5.000	112.307*	3.510	CK2

\* Priced to the first call date of March 1, 2027

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

No dealer, broker, salesman or other person has been authorized by the Issuer, the Underwriter, the University or any other entity described herein to give any information or to make any representations with respect to the Series 2017 Bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be a sale of the Series 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the Issuer, the University and other sources that are believed to be reliable, but is not guaranteed as to the accuracy or completeness and, except for the information concerning the Issuer, is not to be construed as a representation by the Issuer. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer, the University or any other entity referred to herein since the date hereof or the date as of which particular information contained herein is given, if earlier.

This Official Statement contains certain “forward-looking statements” concerning the operations and financial condition of the University. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the University. The words “may,” “would,” “could,” “will,” “expect,” “anticipate,” “believe,” “intend,” “plan,” “estimate” and similar expressions are meant to identify these forward-looking statements. *The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The University does not plan to issue any updates or revisions to these forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.*

THE SERIES 2017 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2017 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2017 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN THE OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2017 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT

The CUSIP (Committee on Uniform Securities Identification Procedures) numbers on the inside cover page of this Official Statement have been assigned by an organization not affiliated with the Issuer, the University, the Underwriter or the Trustee, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of holders and no representation is made as to the correctness of the CUSIP numbers printed above. CUSIP numbers assigned to the Series 2017 Bonds may be changed during the term of the Series 2017 Bonds based on a number of factors including but not limited to the refunding or defeasance of such issues or the use of secondary market financial products. None of the Issuer, the University, the Underwriter or the Trustee has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers printed on the inside cover page hereof.

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## **OFFICIAL STATEMENT**

**of the**

### **ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY CIVIC DEVELOPMENT CORPORATION**

**Relating to**

### **\$30,275,000 TAX-EXEMPT REVENUE BONDS (CLARKSON UNIVERSITY PROJECT), SERIES 2017**

## **INTRODUCTION**

The purpose of this Official Statement, including the cover page and the appendices attached hereto, is to provide information in connection with the issuance by the St. Lawrence County Industrial Development Agency Civic Development Corporation, in St. Lawrence County, New York (the “Issuer”) of its \$30,275,000 Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2017 (the “Series 2017 Bonds”). The following is a brief description of certain information concerning the Series 2017 Bonds, the Issuer and Clarkson University (the “University”). A more complete description of such information and additional information that may affect decisions to invest in the Series 2017 Bonds is contained throughout this Official Statement, which should be read in its entirety. Capitalized terms used in this Official Statement shall have the meanings specified in Appendix C attached hereto. Terms not otherwise defined in this Official Statement have the meanings provided in the specific documents.

### **Purpose of the Issue**

The Series 2017 Bonds are being issued to provide funds which, together with other available funds, will be used to finance a project (the “Project”) consisting of: (i) financing various capital projects on the University’s campus; (ii) refinancing the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 2003 (the “Series 2003 Bonds”); (iii) refinancing the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 2007 (the “Series 2007 Bonds” and together with the Series 2003 Bonds, the “Refunded Bonds”); and (iv) paying certain costs of issuance of the Series 2017 Bonds. See “THE PROJECT” herein.

### **Authorization of the Series 2017 Bonds**

The Series 2017 Bonds are authorized to be issued pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York (the “State”), as amended (the “Act”), the Issuer’s Certificate of Incorporation and a resolution of the Issuer adopted on April 11, 2017 (the “Resolution”). The Series 2017 Bonds will be issued under an Indenture of Trust, dated as of April 1, 2017 (the “Indenture”), by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). Proceeds of the Series 2017 Bonds will be loaned to the University pursuant to a Loan Agreement, dated as of April 1, 2017 (the “Loan Agreement”) between the Issuer and the University. See “THE SERIES 2017 BONDS” herein.

## **The Issuer**

The Issuer is a not-for-profit corporation constituting a local development corporation duly organized and existing under the laws of the State of New York. See “THE ISSUER” herein.

## **The University**

Clarkson University is an independent, co-educational institution of higher education located in the historic village of Potsdam (population 10,200) on the Racquette River in northern New York. The campus is a short drive from the six-million-acre Adirondack Park. Founded in 1896, it is incorporated as a New York not-for-profit education corporation. Known as a technological university, the University offers more than 50 academic programs in engineering, business, arts and sciences, and health sciences. Approximately 4,158 full time equivalent students are enrolled during the 2016-17 academic year.

The University is governed by a self-perpetuating Board of Trustees that presently consists of 29 voting members. The President of the University is appointed by the Board of Trustees and, as chief executive officer, is principally responsible for the administration of the University. All other principal executives of the University are nominated by the President and appointed by the Board of Trustees. See “APPENDIX A – Certain Information Concerning the University” and “APPENDIX B – Audited Consolidated Financial Statements of the University for the years ended June 30, 2016 and June 30, 2015.”

## **Limited Obligations of the Issuer**

THE SERIES 2017 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER. THE ISSUER IS OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2017 BONDS SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THE TERMS OF THE INDENTURE AND AVAILABLE FOR SUCH PAYMENT INCLUDING REVENUES RECEIVED BY THE ISSUER PURSUANT TO THE LOAN AGREEMENT (OTHER THAN WITH RESPECT TO THE UNASSIGNED RIGHTS) AND THE PLEDGE AND SECURITY AGREEMENT. THE SERIES 2017 BONDS ARE NOT A DEBT OF THE STATE OF NEW YORK, OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING ST. LAWRENCE COUNTY, NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING ST. LAWRENCE COUNTY, NEW YORK, SHALL BE LIABLE THEREON. THE SERIES 2017 BONDS SHALL NOT BE PAYABLE FROM ANY OTHER FUNDS OF THE ISSUER. THE ISSUER HAS NO TAXING POWERS.

## **The Pledged Revenues**

The Series 2017 Bonds are secured in part by a security interest in and lien on the Pledged Revenues pursuant to the Pledge and Security Agreement, dated as of April 1, 2017, by and between the University and the Trustee (the “Pledge and Security Agreement”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” herein.

## **General**

The Series 2017 Bonds will be issued as “book-entry-only” obligations to be held by The Depository Trust Company, as depository (the “Depository”) for the Series 2017 Bonds. See “THE SERIES 2017 Bonds – Book-Entry Only System” herein.

The Series 2017 Bonds will be equally and ratably secured as to principal, premium, if any, and interest by the Indenture. The Indenture constitutes a first lien on the Trust Estate (as defined in the Indenture).

The Series 2017 Bonds will be special and limited obligations of the Issuer. The principal, Redemption Price of and interest on the Series 2017 Bonds are payable solely from the revenues received by the Issuer pursuant to the Loan Agreement (other than with respect to the Unassigned Rights) and the Pledge and Security Agreement and the Trust Estate established by the Indenture. Pursuant to the Loan Agreement between the University and the Issuer, the University is obligated to make payments equal to debt service on the Series 2017 Bonds. The aforementioned revenues consist of the payments required to be made by the University under the Loan Agreement with respect to the Series 2017 Bonds on account of the principal, Redemption Price of and interest on the Series 2017 Bonds.

To secure the Series 2017 Bonds, the Issuer will execute and deliver to the Trustee a Pledge and Assignment with an Acknowledgement thereof by the University, dated as of April 1, 2017, from the Issuer to the Trustee (the “Assignment”), which Assignment will assign to the Trustee certain of the Issuer’s rights (except the Unassigned Rights) under the Loan Agreement. Pursuant to the Assignment, loan payments made by the University under the Loan Agreement are to be paid directly to the Trustee.

The purchase of the Series 2017 Bonds involves a degree of risk. Prospective purchasers should carefully consider the entire Official Statement, including the material under the caption “BONDHOLDERS’ RISKS” herein.

The Series 2017 Bonds will be sold and delivered by the Issuer to George K. Baum & Company, as underwriter (the “Underwriter”), pursuant to a bond purchase agreement (the “Bond Purchase Agreement”) by and among the Issuer, the University, and the Underwriter. See “UNDERWRITING” herein.

There follow in this Official Statement and in the Appendices hereto descriptions of the Series 2017 Bonds and summaries of certain provisions of the Indenture, the Loan Agreement, the Assignment and the Pledge and Security Agreement. Such descriptions and summaries are not comprehensive or definitive. All references to the Series 2017 Bonds, the Indenture, the Loan Agreement, the Assignment and the Pledge and Security Agreement are qualified in their entirety by the definitive forms thereof.

## **THE ISSUER**

The Issuer was established in 2010 as a not-for-profit corporation of the State of New York constituting a local development corporation, duly organized and existing pursuant to Section 1411 of the New York Not-for-Profit Corporation Law (the “Act”) for the purposes of benefiting and furthering the activities of St. Lawrence County, New York (the “County”) and, by acting as a local development corporation, conducting activities that will relieve and reduce unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the County by attracting new industry to the County, encouraging the development of, or retention of, an industry in the County, and lessening the burdens of government and by acting in the public interest.

The Issuer has power to acquire, hold and dispose of personal property for its corporate purposes; to acquire, use for its corporate purposes and dispose of real property within the geographical jurisdictional limits of the County; to appoint officers, agents and employees; to make contracts and leases; to acquire, construct, reconstruct, lease, improve, maintain, equip or furnish one or more projects; to borrow money and issue bonds and to provide for the rights of the holders thereof; to grant options to

renew any lease with respect to any project and to grant options to buy any project at such price as the Issuer may deem desirable; to designate depositories for its moneys; and to do all things necessary or convenient to carry out its purposes and exercise the powers given in the Act.

Each series of revenue bonds issued by the Issuer constitutes a separate, special and limited obligation of the Issuer payable only from revenues received from the specific project beneficiaries benefited thereby or from other limited sources and the full faith and credit of the Issuer was not pledged to secure the payment of the principal of, premium, if any, or interest on such bonds.

THE SERIES 2017 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF CERTAIN FUNDS PLEDGED THEREFORE. NOTHING IN THE SERIES 2017 BONDS, THE INDENTURE, OR THE LOAN AGREEMENT SECURING THE SERIES 2017 BONDS SHALL BE CONSIDERED AS PLEDGING OR COMMITTING ANY OTHER FUNDS OR ASSETS OF THE ISSUER TO THE PAYMENT OF THE SERIES 2017 BONDS, OR THE SATISFACTION OF ANY OTHER OBLIGATION OF THE ISSUER UNDER THE SERIES 2017 BONDS, OR THE INDENTURE OR THE LOAN AGREEMENT SECURING THE SERIES 2017 BONDS. NEITHER THE ISSUER NOR ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, NOR ANY PERSON EXECUTING THE SERIES 2017 BONDS SHALL BE LIABLE PERSONALLY WITH RESPECT TO THE SERIES 2017 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF. ACCORDINGLY, NO FINANCIAL INFORMATION REGARDING THE ISSUER OR ITS MEMBERS, DIRECTORS OR OFFICERS HAS BEEN INCLUDED HEREIN.

THE SERIES 2017 BONDS OF THE ISSUER ARE NOT AND SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR ANY MUNICIPALITY OF THE STATE OF NEW YORK (INCLUDING WITHOUT LIMITATION, THE COUNTY). NEITHER THE STATE OF NEW YORK NOR ANY MUNICIPALITY OR POLITICAL SUBDIVISION OF THE STATE (INCLUDING WITHOUT LIMITATION, THE COUNTY) IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE, IF APPLICABLE, OR INTEREST ON THE SERIES 2017 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK OR THE COUNTY IS PLEDGED TO SUCH PAYMENT. THE ISSUER HAS NO TAXING POWERS.

## **THE PROJECT**

The proceeds of the Series 2017 Bonds will be used, together with other available funds, to finance a portion of the costs of a certain project (the "Project") consisting of: (A) (1) the acquisition and installation of improvements to facilities located on the University's Hill Campus situated on approximately 640 acres off of Maple Street (Route 11) in the Village of Potsdam, Town of Potsdam, New York (the "Hill Campus"), including utilities, roadways, parking areas and water management facilities (collectively, the "Improvements"), (2) the renovation, reconstruction and equipping of the Ross-Brooks Dining Hall located on the Hill Campus (the "Dining Hall"), (3) the renovation, reconstruction and equipping of the Holcroft House located on the Hill Campus (the "Holcroft House"), (4) the replacement of the existing roof at the Indoor Recreation Center located on the Hill Campus (the "Recreation Center"), (5) the renovation, reconstruction and equipping of the Cheel Arena located on the Hill Campus (the "Cheel Arena"), (6) the completion of site work related to the Woodstock Village apartment complex located on the Hill Campus (the "Woodstock Village"), (7) the reconstruction of an existing roadway located on the Hill Campus beginning at the westerly end of the entrance to the parking lot for the Townhouse Apartments complex and ending at the westerly end of the parking lot for the Woodstock Village and Andrews S. Schuler Educational Resources Center all located on the Hill Campus, as well as the reconstruction of the driveway loop at the southern entrance of the Center for



Advanced Materials Processing located on the Hill Campus, including drainage improvements, curbing, sidewalks, lighting and site grading thereon and therein (collectively, the “Loop Road”) and (8) the acquisition and installation thereon and therein of various machinery and equipment (the “Equipment” and, collectively with the Improvements, the Dining Hall, the Holcroft House, the Recreation Center, the Cheel Arena, the Woodstock Village and the Loop Road, the “Current Project Facility”); (B) the refinancing of all the Refunded Bonds, the proceeds of which were applied to finance or refinance various facilities on the Hill Campus and on the University’s Old Main Campus situated on approximately 15 acres off of Elm Street in the Village of Potsdam, Town of Potsdam, New York (collectively, the “Prior Project Facility” and together with the Current Project Facility, the “Project Facility”); and (C) paying all or a portion of the costs incidental to the issuance of the Series 2017 Bonds.

## **ESTIMATED SOURCES AND USES OF BOND PROCEEDS**

The following table sets forth the estimated sources and uses of the proceeds of the Series 2017 Bonds.

<b>Sources:</b>	Par Amount of the Series 2017 Bonds	\$30,275,000.00
	Net Original Issue Premium	3,527,511.60
	Funds Held Under Indentures Securing Refunded Bonds	<u>1,662,676.06</u>
	Total Sources of Funds	\$35,465,187.66
 <b>Uses:</b>	 Deposit to the Project Fund	 \$10,802,912.46
	Refund Series 2003 Bonds	2,929,819.20
	Refund Series 2007 Bonds	21,121,076.00
	Cost of Issuance <sup>(1)</sup>	<u>611,380.00</u>
	Total Uses of Funds	\$35,465,187.66

<sup>(1)</sup> Includes Issuer’s Fee, Underwriter’s Discount, printing costs, fees and expenses of the Trustee, fees of the rating agency, legal fees and costs and other miscellaneous costs of issuance.

## **THE SERIES 2017 BONDS**

### **General**

The Series 2017 Bonds will mature on September 1 of the years and in the amounts shown on the inside cover page hereof. The Series 2017 Bonds will bear interest payable on September 1, 2017 and semi-annually thereafter on each March 1 and September 1 at the rates per annum set forth on the inside cover hereof. The Series 2017 Bonds shall be issued without coupons in the denomination of \$5,000, or any integral multiple thereof.

The Series 2017 Bonds will be issued on fully registered form and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as the securities depository (the “Securities Depository”) for the Series 2017 Bonds. Purchasers will not receive certificates representing their interest in the Series 2017 Bonds. See “Book-Entry Only System” below.

The principal of and premium, if any, on the Series 2017 Bonds shall be payable in lawful money of the United States of America at the Office of the Trustee, or of its successor in trust. Interest on Series 2017 Bonds due on any Bond Payment Date shall be payable to the Person in whose name such Bond is

registered at the close of business on the Regular Record Date with respect to such Bond Payment Date, irrespective of any transfer or exchange of such Bond subsequent to such Regular Record Date and prior to such Bond Payment Date, unless the Issuer shall default in the payment of interest due on such Bond Payment Date. In the event of any such default, such defaulted interest shall be payable to the Person in whose name such bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee to the Owners of Series 2017 Bonds not less than fifteen (15) days preceding such Special Record Date. Such notices shall be mailed to the Persons in whose name the Series 2017 Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. Payment of interest on the Series 2017 Bonds will be made by (i) check or draft mailed to the address of the Person in whose name such Series 2017 Bonds are registered, as such address appears on the registration books maintained by the Trustee, or (ii) at such other address furnished to the Trustee in writing by the Holder at least five (5) Business Days prior to the date of payment, or at the election of an Owner of at least \$1,000,000 aggregate principal amount of Series 2017 Bonds, by bank wire transfer to a bank account maintained by such Owner in the United States of America designated in written instructions delivered to the Trustee at least five (5) Business Days prior to the date of such payment, which written instructions may relate to multiple Bond Payment Dates.

### **Redemption Prior to Maturity**

Extraordinary Redemption. The Series 2017 Bonds are subject to redemption by the Issuer, at the option of the University, in whole, or in part, at any time, without premium or penalty, at a Redemption Price equal to 100% of the aggregate principal amount of the Series 2017 Bonds Outstanding plus interest accrued thereon to the Redemption Date, in the event of damage or destruction of all or any part (if damage or destruction of such part causes the University to be impracticable to operate, as evidenced by an opinion of an Independent Consultant filed with the Issuer and the Trustee) of its operating assets by fire or casualty, loss of title to or use of substantially all of the operating assets as a result of the failure of title or as a result of eminent domain proceedings or proceedings in lieu of or as a result of a change in law whereby the Loan Agreement becomes void, unenforceable or impossible to perform in accordance with the intent and purpose of the parties.

Mandatory Sinking Fund Redemption. The Series 2017 Bonds maturing on September 1, 2044 shall be subject to mandatory redemption on the sinking fund redemption dates and in the sinking fund redemption amounts set forth in the following table, each at a Redemption Price equal to 100% of the principal amount thereof being redeemed plus accrued interest to the Redemption Date:

Sinking Fund Redemption Date (September 1)	Sinking Fund Redemption Amounts
2043	\$1,885,000
2044*	1,960,000

\* Stated Maturity

The Series 2017 Bonds maturing on September 1, 2047 shall be subject to mandatory redemption on the sinking fund redemption dates and in the sinking fund redemption amounts set forth in the following table, each at a Redemption Price equal to 100% of the principal amount thereof being redeemed plus accrued interest to the Redemption Date:

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Sinking Fund Redemption Amounts</u>
2045	\$2,050,000
2046	2,155,000
2047*	2,265,000

\*Stated Maturity

**Optional Redemption.** The Series 2017 Bonds are subject to redemption by the Issuer at the option of the University on or after March 1, 2027, in whole or in part at any time, without premium, at a Redemption Price equal to the principal amount being redeemed, plus accrued interest to the Redemption Date, upon receipt of notice from the Issuer, or the University on behalf of the Issuer, directing such redemption, which notice shall be sent to the Trustee at least thirty (30) days prior to the Redemption Date or such fewer number of days as shall be acceptable to the Trustee and shall specify (i) the principal amount of Series 2017 Bonds so to be called for redemption, and (ii) the applicable Redemption Price.

### **Notice of Redemption**

When Series 2017 Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Series 2017 Bonds stating: (1) the Series 2017 Bonds to be redeemed; (2) the Redemption Date; (3) that such Series 2017 Bonds will be redeemed at the Office of the Trustee; (4) that on the Redemption Date there shall become due and payable upon each Series 2017 Bond to be redeemed the Redemption Price thereof (except in the case of a mandatory sinking fund redemption of Bonds, in which case the principal will be due and payable on the Redemption Date and the interest will be paid on such date as provided in Article II of the Indenture); and (5) that from and after the Redemption Date interest thereon shall cease to accrue. The Trustee shall mail a copy of such notice postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the Redemption Date, to each Holder at the address of such Holder appearing on the registration books of the Issuer. Such mailing shall not be a condition precedent to such redemption, and failure to so mail any such notice to any of such Holders shall not affect the validity of the proceedings for the redemption of the Series 2017 Bonds. If at the time of mailing of notice of any optional redemption there shall not have been deposited moneys in the Bond Fund available for payment sufficient to redeem all of the Series 2017 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the moneys in the Bond Fund available for payment sufficient to redeem all of the Series 2017 Bonds called for redemption not later than the opening of business on the Redemption Date, in which case such notice shall be of no effect unless moneys are so deposited.

### **Partial Redemption of Series 2017 Bonds**

Upon surrender of any Series 2017 Bond for redemption in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder thereof a new Series 2017 Bond or Series 2017 Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2017 Bond surrendered.

### **Selection of Bonds for Redemption**

If less than all Series 2017 Bonds of a series are to be redeemed, the Series 2017 Bonds of such series to be called for redemption shall be selected by lot.

## **Purchase of Series 2017 Bonds in Lieu of Redemption**

If the Series 2017 Bonds are called for redemption in whole or in part pursuant to the terms of the Indenture, the Series 2017 Bonds called for redemption may be purchased in lieu of redemption in accordance with the provisions of the Indenture. The University may direct the Trustee to purchase in lieu of redemption all or a portion of the Series 2017 Bonds called for redemption.

## **Book-Entry Only System**

Unless otherwise noted, the description that follows of the procedures and record keeping with respect to beneficial ownership interests in the Series 2017 Bonds, payment of interest and other payments on the Series 2017 Bonds to DTC Participants or Beneficial Owners of the Series 2017 Bonds, confirmation and transfer of beneficial ownership interests in the Series 2017 Bonds and other bond-related transactions by and between DTC, the DTC Participants and Beneficial Owners of the Series 2017 Bonds is based solely on information furnished by DTC for inclusion in this Official Statement. Accordingly, the Issuer, the University, the Trustee and the Underwriter do not and cannot make any representations concerning these matters.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2017 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations

providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Trustee, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to Issuer or Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, then the Series 2017 Bonds shall no longer be restricted to being registered in the name of the Nominee, but shall be registered in whatever name or names Owners transferring or exchanging Series 2017 Bonds shall designate, in accordance with the provisions of the Indenture.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2017 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER, THE UNIVERSITY, THE UNDERWRITER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL, REDEMPTION PRICE OR PURCHASE PRICE OR INTEREST ON THE SERIES 2017 BONDS; (3) THE DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDOWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2017 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2017 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED HOLDERS OF THE SERIES 2017 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2017 BONDS.

### **Additional Bonds**

The Issuer may issue Additional Bonds under the Indenture from time to time on a pari passu basis with the Series 2017 Bonds to (1) pay the cost of completing the Project Facility or to reimburse expenditures of the University for any such costs, (2) pay the cost of Capital Additions or to reimburse expenditures of the University for any such cost, (3) pay the cost of refunding through redemption of any Outstanding Bonds issued under the Indenture and subject to such redemption, or (4) pay the cost of any additional project approved by the Issuer. For a description of conditions precedent to the issuance of Additional Bonds, see "APPENDIX D – Summary of Certain Provisions of the Indenture."

Such Additional Bonds would be secured on a parity basis with the lien on the Pledged Revenues created by the Pledge and Security Agreement.

## **OUTSTANDING DEBT; ANNUAL DEBT SERVICE REQUIREMENTS**

In addition to the Series 2017 Bonds, the University's outstanding debt following the issuance of the Series 2017 Bonds, the refinancing of the Series 2003 Bonds and the refinancing of the Series 2007 Bonds will consist of (1) the Issuer's Civic Development Corporation Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2011, \$14,290,000 of which are currently outstanding (the "Series 2011 Bonds"), (2) the Issuer's Civic Development Corporation Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2012A, \$18,160,000 of which are currently outstanding (the "Series 2012A Bonds"), (3) the Issuer's Civic Development Corporation Tax-Exempt Multi-Modal Revenue Bonds (Clarkson University Project), Series 2012B, \$3,000,000 of which are currently outstanding (the "Series 2012B Bonds"), (4) the City of Schenectady Industrial Development Agency Tax-Exempt Variable Rate Demand Civic Facility Revenue Bonds (Union Graduate College Project - Letter of Credit Secured), Series 2008A, \$4,785,000 of which are currently outstanding (the "Series 2008A Bonds")\* and (5) an interest free mortgage from the Empire State Development Corporation which matures in January 2020 and has an outstanding balance of \$1,333,360 (the "ESDC Loan"). In 2006, the State agreed to forgive further principal payments on the ESDC Loan and therefore the University is not required to make any debt service payments with respect to such loan. The ESDC Loan is secured by a mortgage on the University's Center for Advanced Materials Process (CAMP) facility and the Series 2011 Bonds, the Series 2012A Bonds and the Series 2012B Bonds are secured by a lien on the Pledged Revenues on a parity with the lien on Pledged Revenues securing the Series 2017 Bonds. The Series 2008A Bonds are secured by a letter of credit issued by Manufacturers and Traders Trust Company which is expected to be renewed for a term expiring in 2020. The other outstanding debt is unsecured.

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\* As described in Appendix A hereto under the caption "UNIVERSITY FACILITIES," the University acquired Union Graduate College located in Schenectady, New York through a merger in 2016.

The following table sets forth the long-term debt service requirements of the University with respect to the Series 2017 Bonds, the Series 2008A Bonds, the Series 2011 Bonds, the 2012A Bonds and the 2012B Bonds for the years indicated. The table does not include capital leases or the ESDC Loan.

Period Ending <u>June 30</u>	Series 2017 Bonds <u>Principal</u>	Series 2017 Bonds <u>Interest</u>	Total Debt Service on Series <u>2017 Bonds</u>	Total Debt Service on other <u>Long-Term Debt<sup>(1)</sup></u>	Total <u>Debt Service</u>
2018	--	\$1,163,972	\$1,163,972	\$ 2,243,736	\$3,407,707
2019	--	1,378,388	1,378,388	2,254,134	3,632,521
2020	--	1,378,388	1,378,388	2,253,600	3,631,987
2021	\$920,000	1,359,988	2,279,988	1,979,967	4,259,954
2022	1,360,000	1,314,388	2,674,388	1,985,121	4,659,508
2023	1,465,000	1,257,888	2,722,888	1,984,967	4,707,855
2024	1,525,000	1,198,088	2,723,088	1,984,773	4,707,860
2025	1,570,000	1,128,338	2,698,338	1,989,048	4,687,385
2026	1,650,000	1,047,838	2,697,838	1,988,430	4,686,267
2027	1,725,000	963,463	2,688,463	1,992,481	4,680,943
2028	1,815,000	874,963	2,689,963	1,991,419	4,681,382
2029	1,900,000	782,088	2,682,088	1,994,899	4,676,986
2030	1,765,000	690,463	2,455,463	2,446,246	4,901,708
2031	730,000	628,088	1,358,088	3,543,138	4,901,225
2032	690,000	592,588	1,282,588	3,618,066	4,900,654
2033	605,000	560,213	1,165,213	3,736,431	4,901,643
2034	625,000	534,931	1,159,931	3,740,029	4,899,961
2035	385,000	518,278	903,278	3,997,784	4,901,062
2036	395,000	504,869	899,869	3,998,484	4,898,353
2037	410,000	490,525	900,525	3,996,631	4,897,156
2038	425,000	475,391	900,391	3,998,645	4,899,036
2039	--	467,688	467,688	3,676,875	4,144,563
2040	--	467,688	467,688	3,677,559	4,145,247
2041	--	467,688	467,688	3,674,828	4,142,516
2042	--	467,688	467,688	3,678,163	4,145,850
2043	--	467,688	467,688	3,041,250	3,508,938
2044	1,885,000	432,344	2,317,344	--	2,317,344
2045	1,960,000	360,250	2,320,250	--	2,320,250
2046	2,050,000	272,250	2,322,250	--	2,322,250
2047	2,155,000	167,125	2,322,125	--	2,322,125
2048	<u>2,265,000</u>	<u>56,625</u>	<u>2,321,625</u>	<u>--</u>	<u>2,321,625</u>
Total	<u>\$30,275,000</u>	<u>\$22,470,159</u>	<u>\$52,745,159</u>	<u>\$75,466,702</u>	<u>\$128,211,861</u>

<sup>(1)</sup> The Series 2008A Bonds are assumed to bear interest at a variable rate (including a letter of credit fee) of 2.80% per annum. The Series 2012B Bonds are assumed to bear interest at a rate of 2.00% per annum until March 1, 2020 and 2.75% per annum thereafter.



## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS**

### **Payment of the Series 2017 Bonds**

The Series 2017 Bonds will be special and limited obligations of the Issuer. The principal or Redemption Price of and interest on the Series 2017 Bonds are payable solely from the revenues received by the Issuer pursuant to the Loan Agreement (other than with respect to the Unassigned Rights) and the Pledge and Security Agreement and the Trust Estate established by the Indenture. The aforementioned revenues consist of the payments required to be made by the University under the Loan Agreement with respect to the Series 2017 Bonds on account of the principal, Redemption Price of and interest on the Series 2017 Bonds. The Issuer has directed the University, and the University has agreed, to make such payments under the Loan Agreement directly to the Trustee.

### **Security for the Series 2017 Bonds**

#### General

The Series 2017 Bonds will be secured by (1) the Trust Estate, including, but not limited to, all moneys and securities held from time to time by the Trustee for the Owners of the Series 2017 Bonds pursuant to the Indenture, including all Series 2017 Bond proceeds prior to disbursement pursuant to the terms of such Indenture (excluding the Rebate Fund), and (2) the Loan Agreement, as assigned to the Trustee (except the Unassigned Rights) pursuant to the terms of the Assignment.

#### The Pledge and Security Agreement

The payment obligation of the University under the Loan Agreement is secured by a pledge and security interest in the Pledged Revenues of the University pursuant to the Pledge and Security Agreement. The Pledged Revenues consist of all receipts, revenues, income and other money received by the University from any source and all rights to receive the same (including, without limitation, operating revenues and non-operating revenues determined in accordance with generally accepted accounting principles), whether in the form of accounts receivable, contract rights, chattel paper, instruments or other rights, and the proceeds thereof, and any insurance thereon, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the University; provided, however, that there shall be excluded from Pledged Revenues gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated at the time of making thereof by the donor or maker as being for certain specific purposes, and the income derived therefrom. The lien on the Pledged Revenues granted under the Pledge and Security Agreement is on a parity with a lien on the Pledged Revenues granted to secure the holders of the Series 2011 Bonds, the Series 2012A Bonds and the Series 2012B Bonds and the Pledge and Security Agreement allows the University to incur additional indebtedness in the future that may be secured by a lien on the Pledged Revenues on a parity basis with the pledge and security interest granted to secure the Series 2017 Bonds. See “BONDHOLDERS’ RISKS” and “APPENDIX F - Summary of Certain Provisions of the Pledge and Security Agreement.”

Pursuant to an Amended and Restated Intercreditor Agreement dated as of April 1, 2017 (the “Intercreditor Agreement”) between Manufacturers and Traders Trust Company, as trustee for the 2011 Bonds, as trustee for the Series 2012A Bonds, as trustee for the Series 2012B Bonds and as trustee for the Series 2017 Bonds (collectively, the “Creditors”), upon the occurrence of an event of default and acceleration by any of the Creditors under any of the Financing Documents (as defined in the Intercreditor Agreement), any claim held by each of the Creditors with respect to any amount recovered from the University after the occurrence of an event of default and acceleration, including the receipt or collection

of Pledged Revenues, shall be equal and ratable in right without regard to order of priority. Further, if the University in accordance with the Pledge and Security Agreement issues, incurs or assumes long-term indebtedness secured by a lien on Pledged Revenues pursuant to additional financing documents, any holder of such parity obligation shall be required to become a party to the Intercreditor Agreement and agree to subject the net proceeds of any recovery of proceeds realized from the Pledged Revenues pursuant to the terms of the Intercreditor Agreement.

#### Debt Service Coverage Ratio

The University has covenanted in the Loan Agreement to maintain for each Fiscal Year a Debt Service Coverage Ratio of at least 1.05. If such ratio, as calculated at the end of any Fiscal Year, is below 1.05, the University is required to retain an Independent Consultant, within 60 days after the receipt of the audited financial statements for such Fiscal Year, to make recommendations to increase such ratio for subsequent Fiscal Years of the University to the level required. The University has further covenanted that upon receipt of recommendations from the Independent Consultant in the form of a report, the University shall cause copies thereof to be filed with the Trustee, and the University shall within 60 days of the receipt of such recommendations, describe in writing to the Trustee what action, if any, the University shall take. So long as the University retains an Independent Consultant and describes in writing to the Trustee what action, if any, the University shall take, the Debt Service Coverage Ratio covenant shall be deemed to have been complied with; however, in no event shall the Debt Service Coverage Ratio be less than 1.00 for two consecutive Fiscal Years.

#### Negative Pledge

The University has covenanted in the Loan Agreement that it will not create or suffer to be created or exist upon any portion of the Project Facility, any Lien, other than Permitted Encumbrances (as defined in Appendix C hereto). In connection with any additional indebtedness permitted by the Loan Agreement, the University may grant a Lien on Property, Plant or Equipment that does not exceed ten percent (10%) of the current value of the Property, Plant and Equipment of the University as a whole.

### **BONDHOLDERS' RISKS**

The Series 2017 Bonds are special and limited obligations of the Issuer payable solely from amounts to be paid by the University under the Loan Agreement and from other funds available to the Trustee under the Indenture. No representation or assurance can be given to the effect that the University will generate sufficient revenues to meet its payment obligations under the Loan Agreement.

Various factors could adversely affect the University's ability to pay its obligations under the Loan Agreement. The future financial condition of the University could be adversely affected by, among other things, economic conditions in the areas from which the University traditionally draws students, legislation, regulatory actions, increased competition from other educational institutions, changes in the demand for higher educational services, demographic changes and litigation. Some of such risk factors are described below.

The following is intended only as a summary of certain risk factors attendant to an investment in the Series 2017 Bonds and is not intended to be exhaustive. In order to identify risk factors and make informed investment decisions, potential investors should be thoroughly familiar with the entire Official Statement (including each Appendix) in order to make a judgment as to whether the Series 2017 Bonds are an appropriate investment. Purchasers of the Series 2017 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks or other financial institutions or certain

recipients of Social Security benefits, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Series 2017 Bonds. See “TAX MATTERS” herein.

### **Legislative and Regulatory Actions**

The University and its operations are subject to regulation, certification and accreditation by various federal, state and local government agencies and by certain nongovernmental agencies. No assurance can be given as to the effect on future operations of existing laws, regulations and standards for certification or accreditation or of any future changes in such laws, regulations and standards.

### **Competition**

The University could face additional competition in the future from both private and public educational institutions that offer comparable services and programs to the population which the University presently serves. This could include the establishment of new programs and the construction, renovation or expansion of competing educational institutions, as well as tuition discounting programs of competing educational institutions or governmental or other programs which provide free or reduced tuition to attend public educational institutions.

### **Tax-Exempt/Nonprofit Status**

In recent years, the activities of tax-exempt organizations have been subjected to increasing scrutiny by federal, state, and local legislative and administrative agencies (including the United States Congress, the Internal Revenue Service (the “IRS”), and local taxing authorities). Various proposals either have been considered previously or are presently being considered at the federal, state, and local level which could restrict the definition of tax-exempt status, impose new restrictions on the activities of tax-exempt corporations and/or tax or otherwise burden the activities of such corporations (including proposals to broaden or strengthen federal tax provisions respecting unrelated business income of nonprofit, tax-exempt corporations). There can be no assurance that future changes in the laws, rules, regulations, interpretations and policies relating to the definition, activities and/or taxation of tax-exempt corporations will not have material adverse effects on the future operations of the University.

Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the University to charge and collect revenues, finance or incur indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2017 Bonds. Although the University has covenanted to maintain its tax-exempt status, loss of tax-exempt status by the University would likely have a significant adverse effect on the University and could result in the inclusion of interest on the Series 2017 Bonds in gross income for federal income tax purposes retroactive to their date of issue or acceleration of the maturity of the Series 2017 Bonds.

### **Covenant to Maintain Tax-Exempt Status of the Series 2017 Bonds**

The tax-exempt status of the Series 2017 Bonds is based on the continued compliance by the Issuer and the University with certain covenants contained in the Indenture, the Loan Agreement, the Tax Compliance Agreement and certain other documents executed by the Issuer and the University. These covenants are aimed at satisfying applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and relate generally to use by the University of proceeds of the Series 2017 Bonds, maintenance of the status of the University as an organization meeting the requirement of Section 501(c)(3) of the Code, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Series

2017 Bonds. Failure to comply with such covenants could cause interest on the Series 2017 Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2017 Bonds.

### **Series 2017 Bond Rating**

There is no assurance that the rating assigned to the Series 2017 Bonds at the time of issuance will not be lowered or withdrawn at any time. A downward revision or withdrawal of such rating may have a substantial adverse effect on the market price for, and marketability of, the Series 2017 Bonds in secondary market trading of such Series 2017 Bonds in particular.

### **Financial Assistance**

The amount of available financial assistance is a significant factor in the decision of many students to attend a particular college or university. The level of financial assistance is directly affected by funding levels of federal, state and other financial aid programs, such as institutionally funded aid to students by the University. During the 2016 fiscal year, the University's tuition discount rate (related to all students) measured 57.5%, with a higher level of tuition discounts having been awarded to freshman. Any significant reduction in the level of financial assistance offered to prospective students could reduce the number of students enrolling at the University.

### **Investment Income; Unrestricted Net Assets**

The University's endowment funds are professionally managed by outside asset management firms. Committees of the Board of Trustees periodically review the asset allocation of the investment pool in the context of the primary financial objective to provide funds for the current and future operations of the University, including its programs and affiliates. An equally important objective is the financial goal of preserving and enhancing the endowment fund's inflation-adjusted purchasing power, while providing a relatively predictable, stable and continuous stream of income. Although the unrestricted portion of the University's endowment funds and the payout therefrom are available for debt service payments on the Series 2017 Bonds, no assurance can be given that unforeseen developments in the securities markets will not have an adverse effect on the market value of those investments and the income generated therefrom.

### **Certain Matters Relating to Enforceability of Obligations**

The remedies available to Series 2017 Bondholders upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial action which is subject to discretion or delay. Under existing law and judicial decisions, including specifically the United States Bankruptcy Code (the "Bankruptcy Code"), the remedies specified in the Indenture, the Loan Agreement and the Pledge and Security Agreement may not be readily available or may be limited. A court may decide not to order specific performance.

The various legal opinions to be delivered concurrently with the original delivery of the Series 2017 Bonds will be qualified as to enforceability of the various legal instruments by, among other things, limitations imposed by bankruptcy, reorganization, insolvency or other similar laws or legal or equitable principles affecting creditors' rights.

### **Potential Effects of Bankruptcy**

If the University were to file a petition for relief under the Bankruptcy Code (or if such a petition were filed against the University), its revenues and certain of its accounts receivable and other property

acquired after the filing would not be subject to the security interest granted under the Pledge and Security Agreement. The filing would operate as an automatic stay of the commencement or continuation of most judicial or other proceedings against the University and its property, and as an automatic stay of any act or proceeding to enforce a lien on its property. If the bankruptcy court so ordered, the University's property, including its Pledged Revenues, could be used for the benefit of the University despite the claims of its creditors (including the Trustee acting on behalf of the Series 2017 Bondholders).

In the event of a bankruptcy proceeding involving the University, the Trustee could be treated under the Bankruptcy Code as the holder of a secured claim to the extent provided in the Pledge and Security Agreement. Among other things, the potential effects of a bankruptcy of the University could be to delay substantially the enforcement of remedies otherwise available to the Trustee and to allow the bankruptcy court, under certain circumstances (a) to substitute other assets of the University for Pledged Revenues under the Pledge and Security Agreement, (b) to sell all or part of the Pledged Revenues under the Pledge and Security Agreement without application of the proceeds thereof to the payment of the Series 2017 Bonds, (c) to subordinate the rights and liens securing the Series 2017 Bonds to any borrowing approved by the bankruptcy court, (d) to permit the University to cure defaults under the Loan Agreement, (e) to compel termination of the Loan Agreement by payment of an amount determined by the bankruptcy court to be the value of the Pledged Revenues (even though less than the principal amount of the Series 2017 Bonds outstanding) or (f) to modify the terms of or payments due under the Loan Agreement.

In a bankruptcy proceeding, the University could file a plan for the adjustment of its debts which modifies, under certain circumstances, the rights of creditors generally or the rights of any class of creditors, secured or unsecured. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. Except as described below, no plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder.

Each class of claims has accepted the plan if at least two thirds in dollar amount and more than one half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds, among other things, that the plan is fair and equitable with respect to each class of non accepting creditors impaired thereunder and does not discriminate unfairly. Such an approved plan could limit recoveries by the Series 2017 Bondholders and/or reduce the collateral pledged as security therefor.

### **Limitations on Security Interest**

The security interest in the Pledged Revenues may not be perfected with respect to items which are in the form of cash and negotiable instruments not in the possession of the Trustee. In addition, there may be other interests and claims on a parity with or prior to such security interests, and certain statutes and other provisions may limit the right of the University to grant such security interests. Examples of such claims, interests and provisions include, without limitation (a) statutory liens, (b) rights arising in favor of the United States of America or any agency thereof, (c) prohibitions against assignment contained in federal statutes, (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (e) federal bankruptcy laws affecting amounts earned by the University after institution of bankruptcy proceedings by the University, (f) rights of third parties in revenues not in the possession of the Trustee, including those converted to cash, where a security interest in those revenues can only be perfected by possession and (g) the requirement that appropriate continuation statements be filed in accordance with the New York Uniform Commercial Code from time to time in effect. In addition, the Pledge and Security Agreement allows the University to incur additional indebtedness in the future that may be secured by a lien on the Pledged

Revenues on a parity basis with the pledge and security interest granted pursuant to the Pledge and Security Agreement. See “APPENDIX F - Summary of Certain Provisions of the Pledge and Security Agreement.”

### **Other Factors**

Additional factors may affect future operations of the University to an extent that cannot be determined at this time. These factors include, among others, the following:

- (i) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.
- (ii) Increased costs and decreased availability of public liability insurance.
- (iii) Changes in the demand for higher education in general or for programs offered by the University in particular.
- (iv) Cost and availability of energy.
- (v) High interest rates, which could prevent borrowing for needed capital expenditures.
- (vi) A decrease in student loan funds or other aid that permits many students the opportunity to pursue higher education.
- (vii) An increase in the costs of health care benefits, retirement plan, or other benefit packages offered by the University to its employees and retirees.
- (viii) A significant decrease in the value of the University’s investments caused by market or other external factors, or changes in the unrestricted portion of the University’s long term investments.
- (ix) Claims presently unknown to the University.
- (x) Withdrawal of any current exemptions from local real estate taxes, business privilege taxes and similar impositions.
- (xi) Reduced future University revenues as a result of a need to increase tuition discounting to attract students.
- (xii) Poor financial operating performance by the University in the future and future deficits as a result of increased future expenses.
- (xiii) Increased competition from both public and private institutions of higher learning which may offer similar academic programs or may recruit similar students, and that may result in reduced enrollments and reduced University revenues.
- (xiv) Reduced ability to attract future annual operating contributions or capital campaign contributions due to factors including general economic conditions or tax law changes affecting the deductibility of charitable contributions, that may limit future projects or the ability to address deferred maintenance and/or the support of expenses related to faculty salaries, tuition discounting or additional programs.

- (xv) Reduced availability of qualified faculty to teach the programs offered by the University.
- (xvi) An inability to retain students, resulting in enrollment losses and reduced revenues.
- (xvii) A downgrade in the University's bond rating or rating outlook to a level which prevents the University from being able to borrow at affordable rates in the future.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The arithmetical accuracy of certain computations included in the schedules provided by George K. Baum & Company on behalf of the University relating to the computation of forecasted receipts of principal of and interest on the United States Treasury Obligations and cash, as may be the case, on deposit in the escrow funds established in connection with the refunding of the Refunded Bonds and the forecasted payments of principal and interest to redeem the Refunded Bonds will be verified by Causey Demgen & Moore P.C. Such computations are based solely upon schedules and information supplied by or on behalf of the University. Causey Demgen & Moore P.C. will express no opinion on the assumptions provided to it, nor as to the exemption from taxation of the interest on the Series 2017 Bonds.

## **CONTINUING DISCLOSURE**

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the University will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with the Trustee, as dissemination agent, for the benefit of holders of the Series 2017 Bonds, pursuant to which the University will agree to provide certain information annually within 160 days of the University's fiscal year-end and to provide notices of the occurrence of certain events to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system (currently accessible at [www.emma.msrb.org](http://www.emma.msrb.org)). The proposed form of the Continuing Disclosure Agreement is attached hereto as Appendix H – Form of Continuing Disclosure Agreement.

The University has made similar undertakings in the past (the "Prior Continuing Disclosure Undertakings") in connection with other series of bonds previously issued for the benefit of the University. While the University made annual filings of financial and operating information in accordance with the Rule and the Prior Continuing Disclosure Undertakings during the five years preceding the date of this Official Statement, in some instances the filings were made between 17 and 22 days after the filing deadline and the University did not timely file notices in regard to such late filings. In addition, the University omitted to file certain required operating data relating to a fundraising campaign. The University also failed to timely file a notice of its acquisition of Union Graduate College located in Schenectady, New York through a merger effective February 1, 2016. The University has updated its EMMA filings, as necessary, to bring its prior filings into conformity with the requirements of the Rule and the Prior Continuing Disclosure Undertakings.

The University has put in place internal procedures to help ensure that all future filings are completed on a timely basis in accordance with the Rule.

## **TAX MATTERS**

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2017 Bonds in order that interest on the Series 2017 Bonds be and remain excludable from gross income for federal income tax purposes. These requirements include provisions

which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Series 2017 Bonds and other amounts and require that certain earnings be rebated to the federal government. The University has covenanted in the Tax Compliance Agreement dated April 1, 2017 to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Series 2017 Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Series 2017 Bonds. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Series 2017 Bonds is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Series 2017 Bonds.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Series 2017 Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2017 Bonds will not be included in the calculation of the alternative minimum tax imposed on corporations; provided, however, that interest on the Series 2017 Bonds will be included in the computation of “adjusted current earnings” for purposes of the computation of the alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Series 2017 Bonds is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Series 2017 Bonds. Any such future legislation would have an adverse effect on the market value of the Series 2017 Bonds.

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Series 2017 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

The difference between the principal amount of the Series 2017 Bonds maturing September 1, 2033 through September 1, 2044 (the “Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers and other intermediaries, or similar persons acting in the same capacity of underwriters or wholesalers), at which price a substantial amount of such Discount Bonds of the same maturity is first sold, constitutes original issue discount, which is not included in gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the



compounding of interest, and that the basis of a Discount Bond acquired at such initial offering price by an initial purchaser of such an owner's adjusted basis for purposes of determining an owner's gain or loss on the disposition of a Discount Bond will be increased by the amount of such accrued original issue discount. A portion of the original issue discount that accrues in each year to an owner of a Discount Bond that is a corporation will be included in the calculation of such corporation's federal alternative minimum tax liability. Consequently, a corporate owner of any Discount Bond should be aware that the accrual of original issue discount in each year may result in a federal alternative minimum tax liability, even though the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The Series 2017 Bonds maturing September 1, 2020 through September 1, 2032 and on September 1, 2047 (the "Premium Bonds") are initially offered to the public at prices greater than the amounts payable thereon at maturity. As a result of the tax cost reduction requirements of the Code relating to amortization of bond premium, under certain circumstances, an initial owner of Premium Bonds may realize a taxable gain upon disposition of such Premium Bonds even though they are sold or redeemed for an amount equal to such owner's original cost of acquiring such Premium Bonds. Owners of Premium Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2017 Bonds. The form of the opinion of Bond Counsel is attached hereto as Appendix G. See "APPENDIX G – Form of Approving Opinion of Bond Counsel."

## **FINANCIAL STATEMENTS**

The consolidated financial statements for the University for the years ended June 30, 2016 and 2015, set forth in Appendix B of this Official Statement, have been audited by KPMG LLP, independent auditors, as stated in their report appearing in Appendix B of this Official Statement. KPMG LLP has not been engaged to perform and has not performed, since the date of its report included in Appendix B, any procedures on the consolidated financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

## **CERTAIN RELATIONSHIPS**

Bond, Schoeneck & King, PLLC, is acting as Bond Counsel and also as counsel to the University in connection with the issuance of the Series 2017 Bonds.

## **UNDERWRITING**

George K. Baum & Company (the "Underwriter") has agreed, subject to certain conditions, to purchase the Series 2017 Bonds from the Issuer. The Underwriter's obligations are subject to certain conditions precedent, and, if these conditions are met, the Underwriter will be obligated to purchase all the Series 2017 Bonds if any of the Series 2017 Bonds are delivered at a purchase price of \$33,651,136.60, which represents the par amount of the Series 2017 Bonds, plus net original premium of \$3,527,511.60, less the Underwriter's Discount of \$151,375.00. The Series 2017 Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into unit investment trusts) at prices lower than the public offering prices as set forth on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

## **RATING**

Moody's Investors Services, Inc. ("Moody's") has given the Series 2017 Bonds a rating of "A3" with a negative outlook. Such rating reflects only the view of Moody's, and any desired explanation of the significance of such rating and outlook should be obtained from Moody's. Generally, a rating agency bases its ratings on information and materials furnished to it and on investigations, studies and assumptions by the rating agency. There is no assurance that a particular rating or outlook will apply for any given period of time or that it will not be changed or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the Holders of the Series 2017 Bonds any proposed revision or withdrawal of the rating or outlook of the Series 2017 Bonds or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Series 2017 Bonds. Such rating should not be taken as a recommendation to buy or hold the Series 2017 Bonds.

## **LITIGATION**

### **The Issuer**

There is not now pending nor, to the knowledge of the Issuer, threatened any litigation questioning or affecting the validity of the Series 2017 Bonds or the proceedings or authority under which the Series 2017 Bonds were issued. Neither the creation, organization or existence of the Issuer nor the title of any of the present members or other officers of the Issuer to their respective offices is being contested. There is no litigation pending or, to its knowledge, threatened which in any manner questions the right of the Issuer to execute and deliver the Indenture or the Loan Agreement.

### **The University**

There is not now pending nor, to the knowledge of the University, threatened any litigation restraining or enjoining the execution or delivery of the Financing Documents to which the University is a party or questioning or affecting the validity of such documents or the proceedings or authority under which such documents were authorized or delivered. Neither the creation, organization or existence of the University nor the title of any of the present members or other officers of the University to their respective offices is being contested. There is no litigation pending or, to its knowledge, threatened which in any manner questions the right of the University to enter into the Financing Documents to which the University is a party or which would have a material adverse effect on the ability of the University to meet its obligations under the Loan Agreement.

## **LEGAL MATTERS**

All legal matters incident to the authorization and validity of the Series 2017 Bonds are subject to the approval of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2017 Bonds. Certain legal matters will be passed upon for the University by its counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York; for the Issuer by its counsel, Underberg & Kessler LLP, Rochester, New York; for the Underwriter by its counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania; and for the Trustee by Harter Secrest & Emery LLP, Buffalo, New York.

## **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing with regard to the Series 2017 Bonds is to be construed as a contract with the holders of the Series 2017 Bonds.

The Issuer and the University have authorized the execution and distribution of this Official Statement.

### **ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY CIVIC DEVELOPMENT CORPORATION**

By: /s/ Patrick J. Kelly  
Title: Chief Executive Officer

### **CLARKSON UNIVERSITY**

By: /s/ James Fish  
Title: Chief Financial Officer

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## **APPENDIX A**

### **CERTAIN INFORMATION CONCERNING THE UNIVERSITY**

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## APPENDIX A CERTAIN INFORMATION CONCERNING THE UNIVERSITY



### GENERAL

Clarkson University (the “University”) is an independent, nationally recognized technological university whose faculty of teacher-scholars aspires to offer superior instruction and engage in high-quality research and scholarship in engineering, management, science and liberal studies. The University’s primary mission is to educate talented and motivated men and women to become successful professionals through quality pre-collegiate, undergraduate, graduate and professional continuing education programs, with particular emphasis on the undergraduate experience. The University strives to create a community and campus setting that enhances the quality of student life and affords students access to and interaction with their faculty.

The major organizational units at the University are the Wallace H. Coulter School of Engineering, the School of Business, the School of Arts and Sciences, the Center for Health Sciences, the Graduate School, the Division of Research, the Clarkson School, the Center for Advanced Materials Processing and the Institute for a Sustainable Environment.

The University offers more than 50 academic programs in engineering, business, arts and sciences, and health sciences. During the 2016-17 academic year, the University had an enrollment of approximately 4,158 full-time equivalent students, comprised of approximately 3,225 undergraduate and 933 graduate students.

Recent recognitions received by the University include:

- Clarkson alumni salaries rank in the top 2 percent of highest salaries in the United States, **Payscale College Salary Report 2016-2017.**
- Top-tier National University, *U.S. News & World Report, America’s Best Colleges 2017.*

- Clarkson is one of the Top-21 STEM (Science, Technology, Engineering, Math) Colleges, *Forbes* 2016
- Clarkson is one of the 18 private colleges where students go on to earn the most money, *Business Insider* 2016-2017.

## UNIVERSITY FACILITIES

The University is located in the historic village of Potsdam (population 10,200) on the Racquette River in northern New York. The campus is a short drive from the six-million-acre Adirondack Park. Also nearby are the St. Lawrence River, Lake Placid, Ottawa, Montreal, Canada and the Thousand Islands region.

The 640-acre wooded campus (the “Hill Campus”) is the site of 47 buildings. The book-value of the University’s physical facilities and equipment is approximately \$328.2 million. The University’s facilities contain approximately 1.5 million square feet of assignable space.

The Hill Campus consists of approximately 50,542 square feet of traditional classrooms and approximately 165,619 square feet of laboratory space dedicated exclusively to the University’s instructional programs. Among the undergraduate laboratory areas are the basic freshman laboratories for biology, chemistry and physics as well as advanced computer laboratories to study linux and open source technology and business enterprise systems. Other types of specialized laboratories for undergraduate instruction include: materials processing, robotics, CAD CAM computer graphics, soils, strength of materials, hydraulics, electronics, signal processing, computer solid state, surveying management simulation, psychology, power systems, aeronautical engineering, chemical engineering, environmental engineering, mechanical engineering, physical chemistry, organic chemistry and environmental sciences. Graduate students use even more specialized laboratories.

The Hill Campus presently has eight residence facilities, housing approximately 2,300 students in residence facilities such as Hamlin-Powers, the Quad, Moore House, Price and Graham Halls, the Townhouses and Riverside Apartments. A number of residence hall renovations and expansions have been completed in the last two years.

The Cheel Campus Center constructed in 1991 includes the hockey arena, dining areas, retail sales, activities rooms, and administrative offices. Also added for student recreational purposes was the Outdoor Lodge, which was completed in 2000. The Educational Resources Center was built on the Hill Campus in 1978. Recreational facilities were added to the Hill Campus with the completion of the Indoor Recreation Center in 1980, which includes an upgraded fitness center.

The Science Center was built in 1967 and was the only academic building on the Hill Campus until the Rowley Lab was built in 1987. The CAMP (Center for Advanced Materials Processing) was constructed in 1991.

The University acquired Union Graduate College located in Schenectady, NY though a merger in 2016. The relatively new (constructed in 2009) classroom and office building provides the platform for future growth in professional graduate education. The Schenectady facility is now known as the Clarkson University Capital Region Campus.

Over the past few years major projects were completed or nearing completion which include:

- Construction of a new student center (\$23,500,000),
- Technology Advancement Center with a state of the art microturbine energy plant (\$5,200,000),



- Athletic field upgrade with artificial turf, lighting, and scoreboard (\$2,700,000),
- Addition of fourth floors to two housing complexes (\$12,400,000),
- Renovation of library (\$1,700,000),
- Office space renovations (\$2,100,000),
- Complete renovation of Peyton Hall to provide incubator space for start-up business enterprises (\$2,400,000),
- NABLAB addition to Rowley Lab to provide office, classroom and laboratory space (\$2,600,000), as well as numerous other renovations and upgrades.

## **USE OF SERIES 2017 BONDS**

The Series 2017 Bonds will finance a number of capital upgrades and improvements, including dining facilities (\$1,300,000), parking lots and roads (\$1,200,000), the Cheel Center and ice arena (\$4,700,000), replacement of the fieldhouse roof (\$1,200,000), site work to improve aesthetics and safety at the Woodstock Village apartment complex (\$1,500,000), and infrastructure upgrades to Holcroft House (\$900,000). See “THE PROJECT” in the forepart of this Official Statement.

## **GOVERNANCE**

The University is governed by a self-perpetuating Board of Trustees (the “Board”). The Board has full power to act for the University in the exercise of all its rights, duties, privileges and powers. The Board convenes three (3) times each year and its committees actively meet throughout the year. The term of each member is five (5) years. A trustee elected to fill a vacancy for less than three (3) years shall be eligible for two (2) additional full terms as trustee before becoming ineligible for one (1) year. No person shall serve as a trustee for more than two (2) full consecutive terms, except that a trustee may serve for such portion of a third term as may be necessary to serve as Chair of the Board upon election in accordance with its election procedures.

The University has established and maintains a conflict of interest policy applicable to all trustees, executive officers, deans, directors, faculty and staff (hereinafter, the “Members”). This policy requires, among other things, that all Members identify, evaluate and disclose potential conflicts of interest that may appear to compromise their obligations to the University. All actions by the University related to the issuance of the Series 2017 Bonds have been in conformity with this policy.

The Board presently consists of twenty-nine (29) voting members. A minimum of five (5) members must be alumni as nominated by alumni. Currently seventy-eight percent (78%) of the trustees are alumni of the University. There are currently nine (9) standing committees of the Board. The President of the University is an Ex-Officio member of the Board, without vote.

The current members and officers of the Board are as follows:

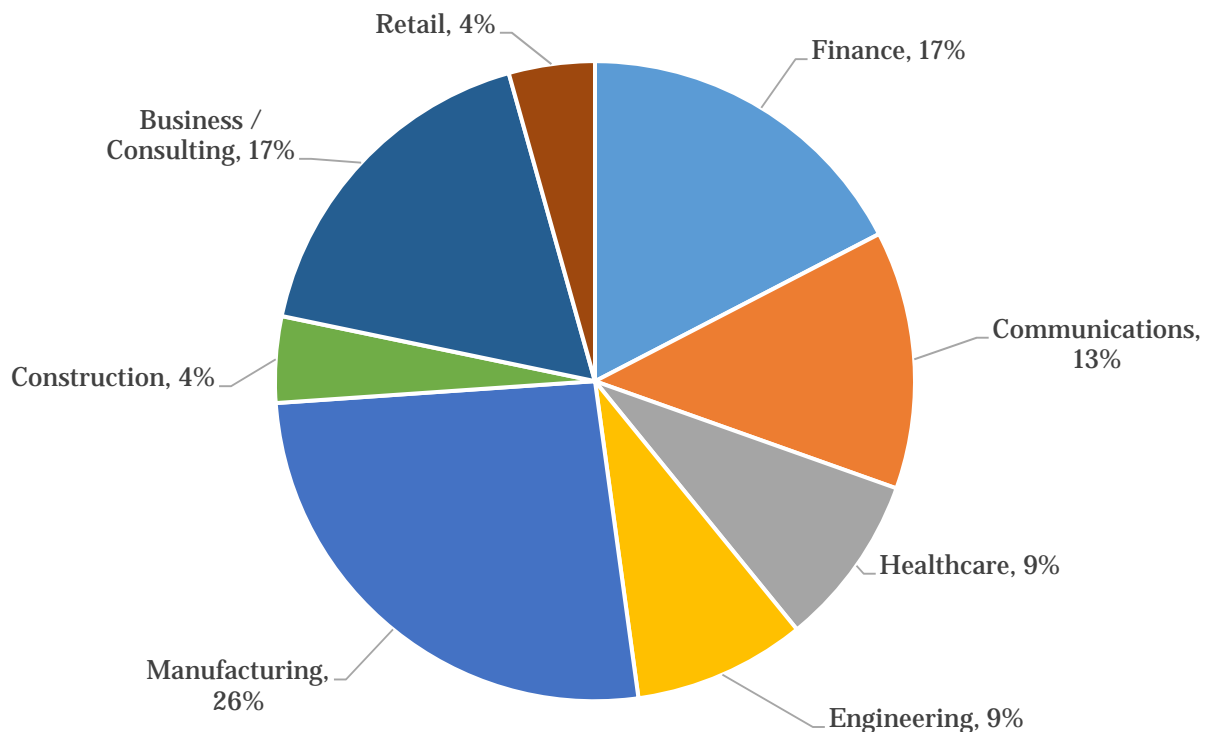
<u>Name</u>	<u>Position</u>	<u>Occupation</u>	<u>Term Expires</u>
Jean E. Spence	Chair of the Board	EVP, Mondelez Intl, Inc. (Ret.)	2017
Anthony G. Collins	President	President, Clarkson University	Ex-officio
Bayard D. Clarkson, Sr. M.D. '74	Distinguished Vice Chair	Physician, Member, Memorial Sloan Kettering Cancer Center.	2019
Charles R. Craig	Vice Chair	SVP, Corning Inc.	2018
Robert R. Ziek, Jr. '78	Vice Chair	President, Zsource Ltd	2019
Nancy D. Reyda '81	Secretary	Managing Dir./COO, Bank of America	2021
Kelly O. Chezum '04	Assistant Board Secretary	VP, External Relations, Clarkson University	Ex-officio
James D. Fish '79	Treasurer	CFO, Clarkson University	Ex-officio

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The current members of the Board their respective occupations are as follows:

Name	Occupation	Term Expires
Carolyn A. Brandsema '80	Vice President 737 Engineering, The Boeing Company (Ret.)	2020
Robert A. Campbell '61	CEO Asia Pacific Region, Deloitte (Ret.)	2017
Amy E. Castronova '04	President & CEO, Novatek Communications, Inc.	2019
Lauretta Chrys UGC '98	Executive Vice President, Citizens Bank	2021
Bayard D. Clarkson, Jr.	Physician, Private Practitioner	2017
Mark Dzwonczyk	President & CEO, Nicholville Telephone Company	2017
Judith J. Foster	Northern New York Advocate	2021
Robert K. Goldman '79	Global Executive Sponsor, ARCADIS (Ret.)	2017
Richard R. Griffith '69	President & CEO, Sturges Manufacturing Co. Inc.	2018
David Heacock '83	SVP of Texas Instruments	2021
Daniel C. Heintzelman '79	Vice Chairman, General Electric Co. (Ret.)	2020
William F. Helmer '56	President, Helmer-Cronin Construction Inc.	2017
Dianna M. Jones-Herrmann '85	Global Head of People, McKinsey & Company	2018
Thomas L. Kassouf '74	President, Snap-on-Tools	2020
Lawrence D. Kingsley '85	Director, Berkshire Partners	2021
Earl "Skip" R. Lewis '66	Chairman, FLIR Systems Inc.	2017
Jody A. Markopoulos '93	Chief Operations Officer, GE Oil & Gas	2021
Kaitlin P. Monte '06	Reporter and Journalist, KRIV FOX 26 Houston	2021
Lisa Napolione '87	Sr. Vice President, Estee Lauder Companies	2020
James W. Ransom '88	Director of Integrated Resource Management Department, Mohawk Council of Akwesasne	2019
Walt L. Robb	President, Vantage Management	2018
Stephen D. Ryan '87	Senior VP-Wealth Mgmt, Merrill Lynch Private Banking and Investment Group	2020
Frank Schmeler '64, P'91, '93	Chairman, Albany International Corporation (Ret.)	2018
Raymond L. Skowyr Jr., P'11	Technology Business Strategy Consultant, Summit Associates	2021

The following pie chart reflects the diversity of skills represented by the current members of the Board.



## ACADEMICS AND RESEARCH

Over the past decade, the University has broadly embraced the value of interdisciplinary efforts across its academic domain, including its educational programs and its research activities. Furthermore, the University closely aligns its activities with the *Vision of a Clarkson Education*, which places a targeted emphasis on hands-on learning and research under the direction of a world-class faculty, and understands that collaboration between faculty members and scientists from industry brings real-world relevance into the classroom and to the student learning experience. The University believes this is the best way to prepare students to solve real-world problems, problems that are open-ended, that require creativity and risk-taking. This is realized directly by many students who conduct research under the supervision of faculty who are engaged in industrial research contracts, and indirectly by faculty who bring laboratory and research experiences into the classroom and the curricular content of the courses they teach. All members of the Clarkson faculty are recruited for their demonstrated potential to develop into excellent teachers and scholars, both within their disciplinary specialty and across disciplines in the University's signature areas of research. Other outstanding examples of the experiential learning experiences of Clarkson students include the Student Projects for Engineering Experience and Design (SPEED) program, which involves student team participation in a minimum of fifteen different national design-build competitions, and the Applied Computer Laboratories, which includes student leadership in the Clarkson Open Source Institute. In addition, University efforts continue towards commercialization of the University-owned Intellectual Property (IP) with a specific goal of commercialization through the Shipley Center for Innovation and the Center for Entrepreneurship.

In October 2011, Clarkson became sole corporate member of The Beacon Institute, a not-for-profit environmental research organization headquartered on the Hudson River in Beacon, New York. The Beacon Institute is a center for scientific and technological innovation that advances research, education and public

policy regarding rivers and estuaries. This alliance provides opportunities to advance commercialization of emerging real-time river monitoring sensor technology, new academic programs and long-term public policy solutions to protect waterways.

Clarkson student teams and organizations continue to function and perform at an exceptionally high level. Particularly outstanding in recent years has been the success of the University's chapter of the National Society of Black Engineers (NSBE), the Clean Snowmobile Challenge team, the FIRST Robotics teams, the Clarkson University Remediation Engineers (CURE), the University's chapter of the Collegiate Entrepreneurs Organization (CEO), and the Mini Baja team.

A most significant vote of confidence and support for the University was received during the past decade when the Wallace H. Coulter Foundation made a \$30-million commitment to the University, in support of ongoing excellence in engineering and science programs at the University. This gift, the largest in the University's history, has been transformative in important ways and will continue to reinforce and broaden the University's most successful learning and research activities in the future.

In February 2016, Clarkson acquired Union Graduate College in Schenectady, NY through a friendly merger. It is now known as the Clarkson University Capital Region Campus (CRC) and is the home of many of the University's graduate professional education programs. The CRC also serves as an integrated hub for program marketing, student recruitment, and admissions for graduate programs.

## **ADMINISTRATION**

The President of the University, appointed by the Board, is the Chief Executive and academic officer of the University and generally controls and supervises the business affairs and academic programs of the University. The President has the authority to perform all necessary actions and execute all documents necessary for the operations of the University. Administrative officers reporting to the President include the Senior Vice President and Provost, Vice President for External Relations, Executive Director of Human Resources, University Treasurer and Chief Financial Officer, Dean of Admissions, and Vice President for Enrollment & Student Advancement, Vice President for Development and Alumni Relations, Director of Athletics, and Director of Facilities and Services.

**Dr. Anthony G. Collins, President of the University.** Dr. Collins became the 16th President of the University on July 1, 2003. He began his career in academia teaching Civil and Environmental Engineering. He has also served the University as Provost, Vice President for Academic Affairs, Dean of Engineering and Chair of the department of Civil and Environmental Engineering. Dr. Collins' professional publications number over 70 and he has made more than 80 presentations of research results at professional conferences. He has been a leader in shaping the academic component of the University's strategic plan. Dr. Collins was also a primary architect of the Vision of a Clarkson Education that has guided evolution of the curriculum since 1995. His encouragement of an interdisciplinary approach in teaching, research and coursework helped lead to development of project-based team learning that has earned the University national recognition. He has established productive liaisons with government representatives at all levels that have assisted in spurring a dramatic increase in sponsored research support. Dr. Collins received his B.E. degree in Civil Engineering from Monash University, Melbourne, Australia and his M.S. and Ph.D. degrees in Civil Engineering from Lehigh University.

**Kelly O. Chezum, Vice President for External Relations.** Ms. Chezum leads the University's comprehensive integrated marketing, communications and external partnership initiatives and has stewarded the University's long-range planning activities since 2003. She is also Assistant Secretary of the Board of

Trustees, serving as the professional staff liaison to the corporate officers, and members of the Board's Executive, Trusteeship and Marketing Committees.

With more than 23 years of experience as a creative marketing professional and administrator in the public, private, nonprofit and government sectors, Ms. Chezum has oversight of Web and publication development, board relations and governance issues, media and public relations, special projects and events, crisis communications, and strategic planning. On behalf of the University, she also commits her energy to economic development initiatives advancing the quality of life in New York's Adirondack North Country as well as several national committees and regular speaking engagements for the Association of Governing Boards, the Council for Advancement and Support of Education, and the Association of Independent Technological Universities.

Ms. Chezum was the director of Corporate & Foundation Relations during the last Campaign for the University where she made numerous alumni and partner connections and collaborated with faculty and staff to raise more than \$77 million in private support. Prior to coming to the University, she was on the marketing and client relations team for Aramark's Campus Services division with primary responsibilities in New York and New Jersey for maximizing sales growth. Her background includes bank marketing, book and magazine publishing with key roles in direct mail campaigns, and public relations and grantwriting for one of the largest public housing agencies in the country. She did her undergraduate studies in marketing and communications at Carroll University (WI) and is a graduate of Clarkson's M.B.A. program. MS. Chezum is currently pursuing her doctorate in law and policy at Northeastern University (MA) and writing her dissertation to address missing data links in the national policy debate on college affordability.

**Suong Ives, Chief Inclusion & Human Resources Officer Post at Clarkson University.** Ms. Ives was named chief inclusion and human resources officer at Clarkson University, effective October 1, 2015. Ms. Ives joined Clarkson from the University of California at Berkeley, where she served as director of campus shared services HR & academic personnel.

Ms. Ives develops people-related strategies and programs that support the goals and direction of the University, and to advance diversity and inclusion in all human resources programs. She also leads the campus in creating and sustaining an inclusive, respectful culture that supports a positive environment for working and learning.

Ms. Ives also serves as the University's primary voice on matters of equity, diversity, and inclusion - educating constituents on and off campus. In doing this, Ives communicates Clarkson's inclusion plans and policies, which aspire to create a culture that values, supports, and affirms each member of the campus community.

Born and raised in Vietnam, Ms. Ives was a member of the first class of women admitted to the four-year engineering program at the Phu Tho Polytechnic University in Saigon, graduating with her bachelor of science in civil engineering. She and her four siblings arrived in the United States in 1980, after spending two years in a refugee camp, like many other Vietnamese boat people -- refugees who fled Vietnam after the Vietnam War.

Ms. Ives holds a master of arts in human resource management from San Jose State University and a bachelor of arts degree in business administration from Cleveland State University.

**James D. Fish, University Treasurer, Chief Financial Officer.** Mr. Fish has been Treasurer and Chief Financial Officer at the University since November 2010. He oversees the areas of Budgets and Planning, Comptroller, Risk Management, Student Administrative Services, and Student Financial Aid. Prior to this appointment Mr. Fish served as Comptroller for the University for over 20 years.

Mr. Fish received a B.S. in accounting from Clarkson University in 1979. Shortly after graduation he accepted the position of Business Manager at Wadhams Hall Seminary College in Ogdensburg, New York where he served until joining the University in 1990. In his more than 30 years of higher education business and finance administration, Mr. Fish has directed numerous successful audits, implemented new financial software solutions, developed effective internal controls, maintained institutional compliance, and managed dozens of professionals and support staff. He has been an active member of the National Association of College & University Business Officers and its affiliated regional association.

**Brian T. Grant, Vice President for Enrollment & Student Advancement.** Brian T. Grant is a 22-year veteran of undergraduate recruiting and recently expanded his role to oversight of the Student Affairs Division. Mr. Grant has had the unique opportunity to play a leadership role in building a successful admission program in the Student Affairs division. At the University, Mr. Grant currently leads a team of 22 professional and support personnel dedicated to enhancing the University's admission program and 25 professional and support personnel for Student Affairs.

Mr. Grant joined the University in 1994 and has held positions of increasing responsibility, including Assistant Director of Admission and Alumni Admission Coordinator, Director of Enrollment Operations, Director of Admission, and ultimately Dean of Admission. In July 2016, Mr. Grant became the Vice President for Enrollment and Student Advancement. Mr. Grant holds a master's degree in instructional technology from the State University of New York at Potsdam and an undergraduate degree from Clarkson in interdisciplinary engineering & management.

**Patrick Roche, Vice President for Development & Alumni Relations at Clarkson University.** Patrick Roche has been vice president for development & alumni relations at Clarkson University since July 2014.

Mr. Roche has more than a decade of corporate experience in large and small organizations, ranging from dotcoms to multinational corporations and has served in a variety of roles at the California Institute of Technology and Claremont McKenna College (CMC).

Mr. Roche holds an undergraduate degree from Rensselaer Polytechnic Institute in Troy, N.Y.

**Steve Yianoukos, Director of Athletics.** Steve Yianoukos was named the University's Director of Athletics in August 2005. The Potsdam, New York native, who became the University's eighth athletic director, has been actively involved with the University's Department of Physical Education, Intercollegiate Athletics and Recreation since his undergraduate days at the University in the early 1970s.

Mr. Yianoukos has previously served as the Associate Director of Athletics and the executive officer of Physical Education/Recreation. Mr. Yianoukos currently oversees the University's Division I and Division III athletics programs, where six programs have received NCAA bids in the past four years, as well as Intramurals and Recreation for the University. He monitors NCAA/Liberty League/ECACHL institutional policies and sports guidelines, and leads fund-raising initiatives for the department. He also previously served

as the facility manager for the Town of Potsdam's Pine Street Arena and the town's recreation director/facility manager.

Mr. Yianoukos holds a bachelor's degree in industrial management from Clarkson. He is involved in numerous local and national professional and civic organizations.

**Charles E. Thorpe, Senior Vice President and Provost.** Charles E. "Chuck" Thorpe was named the senior vice president and provost at Clarkson University, in July of 2012.

Dr. Thorpe is a professor and former head of the Robotics Institute at Carnegie Mellon University (CMU) and the founding dean and CEO of CMU's branch campus in Doha, Qatar.

As the Qatar campus leader, Dr. Thorpe also initiated numerous strategic partnerships with local and multinational organizations, and, at the request of Her Highness Sheikha Mozah bint Nasser Al Missned, chairperson of Qatar Foundation, Dr. Thorpe served as the sole Education City dean on the Qatar National Research Fund steering committee. From 2000 to 2004 Dr. Thorpe served as director of the Robotics Institute at Carnegie Mellon, overseeing approximately 40 faculty, 100 Ph.D. students, and \$40-million-dollar-a-year sponsored research budget, and was the founding head of its robotics master's program. For the 20 years prior, Dr. Thorpe served on the faculty of the Robotics Institute.

He also previously served as a White House Fellow and assistant director for advanced manufacturing and robotics in the Office of Science and Technology Policy of the Executive Office of the President.

Dr. Thorpe holds a Ph.D. in computer science from Carnegie Mellon, and is one of the university's first alumni to pursue a career in robotics. He also holds bachelor of arts degree in natural science from North Park College in Chicago. Dr. Thorpe is a Fellow of the Institute of Electrical and Electronic Engineers (IEEE), the American Association for Artificial Intelligence (AAAI), and the IEEE Robotics Society, and has published five books, five book chapters, and many peer-reviewed publications.

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## ACADEMIC PROGRAMS

The University offers degree programs registered with the New York State Education Department that lead to Bachelor of Science, Bachelor of Professional Studies, Master of Business Administration, Master of Engineering, Master of Science, Doctor of Physical Therapy, and Doctor of Philosophy. The degree programs are listed below:

### Undergraduate Programs

Aeronautical Engineering  
Applied Mathematics & Statistics  
Biology  
Biomolecular Science  
Business Intelligence and Data Analytics  
Chemical Engineering  
Chemistry  
Civil Engineering  
Communication  
Computer Engineering  
Computer Science  
Digital Arts & Sciences  
Electrical Engineering  
Engineering & Management  
Environmental Engineering  
Environmental Health Science  
Environmental Science & Policy  
Financial Information & Analysis  
Global Supply Chain Management  
History  
Humanities  
Innovation & Entrepreneurship  
Interdisciplinary Liberal Arts  
Interdisciplinary Social Sciences  
Mathematics  
Mechanical Engineering  
Physics  
Political Science  
Psychology  
Software Engineering

### Graduate Programs

Adolescence Education 7-12 MAT  
Basic Science MS  
Bioethics MS  
Business Administration MBA  
Chemical Engineering MS, ME, PhD  
Chemistry MS, PhD  
Civil & Environmental Engineering MS, ME, PhD  
Clinical Leadership in Healthcare Management MS  
Computer Science MS, PhD  
Data Analytics MS  
Electrical and Computer Engineering PhD  
Electrical Engineering ME, MS  
Energy Systems, MS  
Engineering and Management Systems, MS  
Engineering Management MS  
Engineering Science MS, PhD  
Environmental Politics & Governance MS  
Environmental Science & Engineering MS, PhD  
Healthcare Management MBA – 8 Year Leadership in Medicine  
Healthcare Data Analytics MS  
Information Technology MS  
Interdisciplinary Bioscience & Biotechnology PhD  
Mathematics MS, PhD  
Materials Science & Engineering PhD  
Mechanical Engineering ME, MS, PhD  
Occupational Therapy MS  
Physical Therapy DPT  
Physician Assistant Studies MS  
Physics MS, PhD  
Technology Education K-12 MAT

## **Professional Concentrations**

Undergraduate students may build an area of specialized expertise termed a professional concentration within – or closely related to – their degree program major. Such concentrations require at least 15 credit hours of coursework. Successful completion of a faculty-approved concentration is indicated on a student's transcript. Course requirements vary and interested students should consult with academic advisors.

The following professional concentrations have been designated:

- Architectural Engineering
- Biomolecular Engineering
- Construction Engineering Management
- Environmental Engineering
- Manufacturing Engineering
- Materials Engineering
- Structural Engineering
- Global Supply Chain Management

## **ACCREDITATIONS**

The University is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools. The undergraduate programs in aeronautical, chemical, civil, computer, electrical, environmental, mechanical, and software engineering are accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology, Inc. (ABET). Students who have completed at least three years towards a bachelor's degree in engineering are eligible to take the Fundamentals of Engineering examination toward licensure as professional engineers. The School of Business is accredited by the Association to Advance Collegiate Schools of Business (AACSB). The graduate physical therapy professional curriculum is accredited by the Commission on Accreditation in Physical Therapy Education (CAPTE) of the American Physical Therapy Association (APTA). In addition, the University is accredited by the United States Civil Service Commission, and its curricula are approved by the New York State Board of Regents. All Clarkson degree programs are approved by the New York State Division of Veterans Affairs for the training of veterans and other eligible persons.

## **FACULTY**

For the 2016-17 academic year, the University had 245 full-time faculty, of whom 76 percent are tenured. Approximately 88 percent of the full-time faculty holds a doctorate or terminal degree in their field.

## EMPLOYMENT

As of November 1, 2016, the University had a total of 898 employees consisting of 739 full-time and 159 part-time employees. Of the 898 employees, approximately 37 percent are faculty, 9 percent are administrators, 22 percent are supervisors and other professionals, 2 percent are research associates, and the remaining 24 percent are staff support, security and plant operation employees.

	Full-Time	Part-Time	Total	Percent
Instructional Faculty	245	84	329	37%
Research Faculty/Research Associates	19	6	25	3%
Executive/Administrative/Managerial	77	5	82	9%
Other Professionals	175	22	197	22%
Technical and Paraprofessional	13	12	25	3%
Clerical and Secretarial	111	15	126	14%
Skilled Craft	21	0	21	2%
Service/Maintenance	78	15	93	10%
Total	739	159	898	100%

The University currently has a collective bargaining agreement with Civil Service Employee Association (CSEA) Local 752 for facility and services employees through June 30, 2017.

Management works closely with faculty and staff regarding academic and administration issues.

## APPLICATIONS, ADMISSIONS AND ENROLLMENT

The University has experienced a rising number of applicants averaging over 6,000 each year for the past five years. Applications have increased by 68 percent since fall 2012. The quality of students has remained high with approximately 64.4% in the top 20% of their class and the SAT scores for the past three years averaging 1,187. Campus visits, a significant predictor of enrollment, are up substantially in recent years, as are other key indicators such as prospect inquiries, participation in open house events, and off campus interviews.

In alignment with the University's strategic plan, graduate enrollment is growing dramatically. Since the merger of Union Graduate College into the University in 2016, which led to the establishment of the Capital Region Campus in Schenectady, there has been growth at the center.

### Undergraduate Applications and Enrollment

The table below outlines the trends in freshmen applications, acceptances and enrollment for the University over the last five academic years.

	2012-13	2013-14	2014-15	2015-16	2016-17
Applications	4,199	6,747	7,401	6,906	7,066
Acceptances	3,195	4,320	4,599	4,700	4,820
Acceptance Rate	76.1%	64.0%	62.1%	68.1%	68.2%
Matriculants	778	757	767	792	797
Yield*	24.4%	17.5%	16.7%	16.9%	16.5%

\* Ratio of matriculating students to acceptances

The table below shows the applications, acceptances, and deposits for fall of 2017 as compared to fall of 2016 for first-year students as of March 30 for each respective year.

<b>First-Year Students – Fall 2017</b>		
	<b><u>As of March 30, 2016</u></b>	<b><u>As of March 30, 2017</u></b>
Applications	6,958	6,873
Acceptances	4,718	4,463
Deposits	180	194

### **Academic Quality**

The following table sets forth the academic quality of entering students for the fall semester for the past five years:

<b><u>Year</u></b>	<b><u>Top 20% of High School Class</u></b>	<b><u>Average SAT (combined)</u></b>
FY 2016-17	64.4%	1,180
FY 2015-16	62.8%	1,190
FY 2014-15	66.3%	1,190
FY 2013-14	66.9%	1,189
FY 2012-13	63.6%	1,167

*\* Source: College Board*

### **Geographical Profile of Entering Freshmen**

The following table sets for the geographic distribution of the past five entering freshman classes:

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
New York State	69.4%	69.0%	70.9%	70.8%	67.1%
Other United States	27.6%	28.9%	26.1%	26.9%	30.7%
Foreign	3.0%	2.1%	3.0%	2.3%	2.1%

### **Enrollment**

The following table summarizes the headcount and full-time equivalent enrollment information for the past five academic years.

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Undergraduate FTE	3,057	3,093	3,193	3,209	3,225
Undergraduate Headcount	3,072	3,110	3,247	3,257	3,268
Graduate FTE	511	551	518	516	933
Graduate Headcount	532	616	626	653	1,116
Total Enrollment FTE	3,568	3,644	3,711	3,725	4,158
Total Enrollment Headcount	3,604	3,726	3,873	3,910	4,384

## Tuition and Fees

The following table presents tuition and room and board charges for traditional full-time freshmen undergraduate students for the past five years.

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Tuition and Fees	\$38,610	\$40,540	\$42,530	\$44,630	\$46,132
Room and Board	<u>\$12,534</u>	<u>\$12,998</u>	<u>\$13,440</u>	<u>\$13,844</u>	<u>\$14,260</u>
<b>Total</b>	<b>\$51,144</b>	<b>\$53,538</b>	<b>\$55,970</b>	<b>\$58,474</b>	<b>\$60,392</b>

## COMPETITION

The following table lists tuition and fees for the private institutes and universities that, in the view of University management, primarily compete with the University for qualified students.

	<u>2016 – 17 Published Rates*</u>		
	<u>Tuition &amp; Fees</u>	<u>Room &amp; Board</u>	<u>Total</u>
<b>Clarkson University</b>	<b>\$46,132</b>	<b>\$14,260</b>	<b>\$60,392</b>
Lehigh University	\$48,320	\$12,690	\$61,010
Rensselaer Polytechnic Institute	\$50,797	\$14,630	\$65,427
Rochester Institute of Technology	\$48,210	\$12,274	\$60,484
Syracuse University	\$45,022	\$15,217	\$60,239
Worcester Polytechnic Institute	\$47,194	\$13,736	\$60,930

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*\* Source: College Board*

## BUDGETING PROCEDURE

The preliminary assumptions that are key to the budget, consisting of the number of full-time students, the increase in all student charges and the estimated other revenues, are thoroughly reviewed by the Board's Finance and Budget Committee. From that point, a budget is prepared and reviewed by the President's Cabinet. Based on the decisions that are reached, a macro budget is prepared for the University. After final sign-off by the Board on the macro budget, detailed budget information is prepared by all departments.

## REVENUES AND EXPENDITURES OF THE UNIVERSITY

The University's financial statements are consolidated statements, which set forth the consolidated financial position, changes in net assets, and cash flows of the University and J.R. Weston, Inc. ("Weston"), a for-profit, wholly-owned subsidiary of the University. Weston's operations consist of real estate rentals and hotel operation. The University's most recent consolidated financial statements are included as Appendix B to the Official Statement.

### Clarkson University Condensed Consolidated Statements of Financial Position For Fiscal Years Ending June 30

	2012	2013	2014	2015	2016
<b>ASSETS</b>					
Cash and cash equivalents	\$13,845,084	\$13,019,270	\$4,724,149	\$5,175,519	\$10,612,050
Deposits with trustee of debt obligations	9,089,466	4,221,745	1,663,677	1,677,204	1,677,765
Accounts receivable, net	12,787,987	7,557,524	11,612,208	9,813,042	6,381,488
Pledges receivable, net	8,169,475	4,161,846	5,313,741	4,004,875	2,475,782
Investments	148,103,174	158,155,712	181,553,965	169,350,583	162,966,120
Notes receivable - students, net	7,269,389	6,638,288	7,218,404	8,204,948	8,543,202
Other assets	6,121,627	6,120,935	6,187,654	5,034,772	4,626,310
Property and equipment, net	163,518,644	171,612,112	183,220,451	186,809,941	194,418,491
<b>Total assets</b>	<b>\$ 368,904,846</b>	<b>\$ 371,487,432</b>	<b>\$ 401,494,249</b>	<b>\$ 390,070,884</b>	<b>\$ 391,701,208</b>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities					
Accounts payable/accrued expenses	\$6,829,678	\$5,769,975	\$5,844,468	\$4,650,696	\$6,196,893
Deposit and advances	7,664,526	10,736,845	9,187,123	9,774,587	9,515,591
Other liabilities	5,470,375	5,574,598	8,845,493	7,148,163	6,509,034
Accrued postretirement benefits	26,208,016	22,611,723	13,088,006	15,578,947	18,732,630
Outstanding debt	68,776,174	66,776,319	65,462,596	62,686,395	66,649,200
Conditional asset retirement obligation	7,261,914	5,216,603	5,170,771	5,307,725	4,930,685
Federal and other loan programs	7,375,193	7,522,259	7,629,674	7,673,049	7,949,026
<b>Total liabilities</b>	<b>129,585,876</b>	<b>124,208,322</b>	<b>115,228,131</b>	<b>112,819,562</b>	<b>120,483,059</b>
Net assets					
Unrestricted	100,760,579	105,698,619	129,218,466	121,413,445	116,120,110
Temporarily restricted	29,908,406	29,528,147	41,611,284	36,924,515	31,832,795
Permanently restricted	108,649,985	112,052,344	115,436,368	118,913,362	123,265,244
<b>Total net assets</b>	<b>239,318,970</b>	<b>247,279,110</b>	<b>286,266,118</b>	<b>277,251,322</b>	<b>271,218,149</b>
<b>Total liabilities and net assets</b>	<b>\$ 368,904,846</b>	<b>\$ 371,487,432</b>	<b>\$ 401,494,249</b>	<b>\$ 390,070,884</b>	<b>\$ 391,701,208</b>

**Clarkson University**  
**Condensed Consolidated Statements of Activities**  
**For Fiscal Years Ending June 30**

<b>Operating Revenues</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Tuition and fees	\$118,567,995	\$126,988,740	\$136,062,940	\$145,201,705	\$158,456,966
Housing, dining and recreational services	24,862,610	26,552,284	28,243,878	29,516,866	29,543,911
Less: University funded scholarships	(69,982,870)	(77,229,946)	(82,871,443)	(86,191,023)	(90,530,726)
Less: Government funded student aid	(912,359)	(491,227)	(456,400)	(468,664)	(518,532)
Net tuition and fees	72,535,376	75,819,851	80,978,975	88,058,884	96,951,619
 Government contracts and grants	14,662,451	11,941,483	10,994,685	11,148,961	12,022,718
Private gifts and grants	11,995,512	9,610,155	11,901,723	9,036,140	10,065,891
Related entities	4,405,676	2,370,419	2,744,491	1,612,487	1,393,325
Other sources	4,032,187	3,661,776	4,347,564	3,736,613	4,421,911
Allocation of endowment return for spending	7,455,059	7,525,613	7,821,792	7,963,614	8,193,140
<b>Total operating revenues</b>	<b>115,086,261</b>	<b>110,929,297</b>	<b>118,789,230</b>	<b>121,556,699</b>	<b>133,048,604</b>
<b>OPERATING EXPENSES:</b>					
Educational and general					
Instruction	43,691,290	46,765,261	48,358,732	53,890,368	57,979,595
Research	14,263,772	11,256,054	11,206,680	11,248,376	12,057,315
Academic support	9,731,166	11,103,689	11,039,579	12,303,196	12,358,622
Student services	13,053,999	14,159,882	14,587,326	15,020,104	16,343,583
General institution support	13,665,229	14,608,657	15,121,657	16,760,644	18,468,394
Related entities	3,474,052	4,521,848	4,737,246	1,632,918	1,584,729
Housing, dining and recreational services	15,456,643	15,061,269	15,129,201	15,602,462	16,302,496
<b>Total operating expenses</b>	<b>113,336,151</b>	<b>117,476,660</b>	<b>120,180,421</b>	<b>126,458,068</b>	<b>135,094,734</b>
Increase (decrease) from operating activities	\$1,750,110	(\$6,547,363)	(\$1,391,191)	(\$4,901,369)	(\$2,046,130)

*[remainder of page intentionally blank]*

## HISTORIC AND PROJECTED DEBT SERVICE COVERAGE

The following table shows the debt service coverage for fiscal years 2015, 2016, and pro forma debt service coverage for fiscal year 2017 both before and after new debt issuance.

	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>Pro Forma 6/30/2017 before debt</b>	<b>Pro Forma 6/30/2017 after debt</b>
Direct debt service coverage	1.63x	2.71x	2.13x	2.02x
Increase (Decrease) from operating activity	(\$5,740,689)	(\$1,865,612)	(\$4,000,000)	(\$4,209,000)
Plus interest	2,873,807	2,856,357	2,800,818	3,009,568
Plus depreciation	<u>9,166,591</u>	<u>9,236,943</u>	<u>9,331,000</u>	<u>9,331,000</u>
	\$6,299,709	\$10,227,688	\$8,131,818	\$8,131,568
Divided by debt service:				
Payment of debt principal	\$999,285	\$913,459	\$1,020,000	\$1,020,000
Interest paid	<u>2,873,807</u>	<u>2,856,357</u>	<u>2,800,818</u>	<u>3,009,568</u>
	\$3,873,092	\$3,769,816	\$3,820,818	\$4,029,568

## PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30 (in thousands):

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Buildings and grounds	\$245,512	\$250,913	\$258,942
Equipment	38,362	39,494	40,687
Construction in progress	18,983	22,474	28,541
Total property and equipment	<u>\$302,858</u>	<u>\$312,881</u>	<u>\$328,170</u>
Less: Accumulated depreciation	(119,637)	(126,071)	(133,752)
Property and equipment, net	\$183,220	\$186,810	\$194,418

## GIFTS

The following is a summary of gifts, grants and bequests for fiscal years shown. In July 2014 the University hired a new Vice President for Development and Alumni Relations (refer to administration profiles above). The Vice President is responsible for the management of annual and capital fundraising.

### Private Gifts and Grants (in thousands)

	<b><u>2011-12</u></b>	<b><u>2012-13</u></b>	<b><u>2013-14</u></b>	<b><u>2014-15</u></b>	<b><u>2015-16</u></b>
Unrestricted	\$8,862	\$7,522	\$16,877	\$8,973	\$9,677
Temporarily Restricted	2,740	299	4,077	3,920	3,217
Permanently Restricted	2,398	3,273	3,430	3,624	4,466
	\$14,000	\$11,094	\$24,384	\$16,517	\$17,360



## ENDOWMENT

The annual spending policy of 4.2%, excluding the Coulter Foundation funds (which remains at 5%), is based on a trailing 12-quarter average market value for those assets managed on a pooled basis. Further, an additional annual spending policy of 1% based on trailing 12-quarter average market value of unrestricted pooled assets may be appropriated for Board approved expenses each year.

The following table details the market value of the endowment for the past three fiscal years:

<b>Endowment Investments</b> (in thousands)			
	<b><u>2013-14</u></b>	<b><u>2014-15</u></b>	<b><u>2015-16</u></b>
Cash and equivalents	\$ 15,914	\$ 20,995	\$ 18,862
Fixed income	12,017	10,766	11,584
U.S. equity	40,720	34,179	35,497
Global equity	34,827	30,305	22,374
Hedge funds	45,959	51,489	46,598
Real assets	17,581	13,828	16,746
Limited partnerships	12,818	11,741	11,278
Private equity	7,640	7,403	9,284
Venture capital	5,442	5,434	4,876
	<b><u>\$ 192,918</u></b>	<b><u>\$ 186,140</u></b>	<b><u>\$ 177,099</u></b>

The following table shows unrestricted investment returns designated for operations for the past three fiscal years:

<b>Endowment Spending</b> (in thousands)			
	<b><u>2013-14</u></b>	<b><u>2014-15</u></b>	<b><u>2015-16</u></b>
Unrestricted investment return designated for operations	\$7,822	\$7,964	\$8,193

## RETIREMENT PLANS

The University participates in defined contribution retirement plans covering substantially all regular employees. Total pension expense for fiscal years 2016 and 2015 were \$4,107,378 and \$3,831,838 respectively.

## LITIGATION

There is no litigation pending or threatened against the University that would materially affect the University's financial condition or its ability to meet its obligations with respect to the Series 2017 Bonds.

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**APPENDIX B**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE UNIVERSITY  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**CLARKSON UNIVERSITY**

Consolidated Financial Statements

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

**CLARKSON UNIVERSITY**  
Consolidated Financial Statements  
June 30, 2016 and 2015

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KPMG LLP  
Suite 400  
356 Mountain View Drive  
Colchester, VT 05446

## Independent Auditors' Report

The Board of Trustees  
Clarkson University:

We have audited the accompanying consolidated financial statements of Clarkson University (the University), which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Clarkson University as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### **Emphasis of Matter**

As discussed in note 10, Union Graduate College (UGC) located in Schenectady, NY, was merged with and into the University as of February 1, 2016. The University recorded an inherent contribution in the consolidated statement of activities of approximately \$8.4 million. Our opinion is not modified as to this matter.

**KPMG LLP**

October 19 2016

Vt. Reg. No. 92-0000241

**CLARKSON UNIVERSITY**

## Consolidated Balance Sheets

June 30, 2016 and 2015

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 10,612,050	5,175,519
Accounts receivable, net	6,381,488	9,813,042
Deposits with trustee	1,677,765	1,677,204
Pledges receivable, net	2,475,782	4,004,875
Notes receivable – students, net	8,543,202	8,204,948
Other assets	4,626,310	5,034,772
Investments	162,966,120	169,350,583
Property and equipment, net	194,418,491	186,809,941
Total assets	<u>\$ 391,701,208</u>	<u>390,070,884</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 6,196,893	4,650,696
Deposits and advances	9,515,591	9,774,587
Other liabilities	6,509,034	7,148,163
Accrued postretirement benefits	18,732,630	15,578,947
Long-term debt	66,649,200	62,686,395
Asset retirement obligations	4,930,685	5,307,725
Federal and other loan advances	7,949,026	7,673,049
Total liabilities	<u>120,483,059</u>	<u>112,819,562</u>
Net assets:		
Unrestricted	116,120,110	121,413,445
Temporarily restricted	31,832,795	36,924,515
Permanently restricted	123,265,244	118,913,362
Total net assets	<u>271,218,149</u>	<u>277,251,322</u>
Total liabilities and net assets	<u>\$ 391,701,208</u>	<u>390,070,884</u>

See accompanying notes to consolidated financial statements.



**CLARKSON UNIVERSITY**  
Consolidated Statement of Activities  
Year ended June 30, 2016  
(with comparative totals for the year ended June 30, 2015)

	<b>2016</b>			<b>Total 2015</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	
Operating revenues:				
Tuition and fees	\$ 158,456,966	—	—	145,201,705
Housing, dining, and other auxiliary services	29,543,911	—	—	29,516,866
Less:				
University funded scholarships	(90,530,726)	—	—	(86,191,023)
Government funded student aid	(518,532)	—	—	(468,664)
Net tuition and fees	96,951,619	—	—	88,058,884
Government contracts and grants	12,022,718	—	—	11,148,961
Private gifts and grants	8,822,680	1,243,211	—	9,036,140
Related entities	1,393,325	—	—	1,612,487
Other sources	4,421,911	—	—	3,736,613
Allocation of endowment return for spending	8,193,140	—	—	7,963,614
Net assets released from restrictions	1,423,729	(1,423,729)	—	—
Total operating revenues	133,229,122	(180,518)	—	121,556,699
Operating expenses:				
Instruction	57,979,595	—	—	53,890,368
Research	12,057,315	—	—	11,248,376
Academic support	12,358,622	—	—	12,303,196
Student services	16,343,583	—	—	15,020,104
Institutional support	18,468,394	—	—	16,760,644
Housing, dining and other auxiliary services	16,302,496	—	—	15,602,462
Related entities	1,584,729	—	—	1,632,918
Total operating expenses	135,094,734	—	—	126,458,068
Decrease from operating activity	(1,865,612)	(180,518)	—	(4,901,369)
Nonoperating activity:				
State grants and contributions for long-term investment	1,854,876	3,233,862	3,840,120	13,652,419
Change in pledges receivable	—	(1,259,578)	(274,515)	(1,308,866)
Total endowment investment return	(1,488,561)	(5,473,855)	—	(3,839,510)
Endowment return distributed for operations	(2,268,053)	(6,000,670)	75,583	(7,963,614)
Loss on disposal of assets	(338,503)	—	—	(370,475)
Other changes and reclassifications	(4,264,612)	4,265,323	(711)	—
Postretirement related adjustments other than net periodic benefit costs	(3,897,724)	—	—	(3,130,282)
Other nonoperating expense	81,464	(297,772)	(188,502)	(1,153,099)
(Decrease) increase from nonoperating activity	(10,321,113)	(5,532,690)	3,451,975	(4,113,427)
Change in net assets before acquisition	(12,186,725)	(5,713,208)	3,451,975	(9,014,796)
Inherent contribution received through acquisition	6,893,390	621,488	899,907	—
Change in net assets	(5,293,335)	(5,091,720)	4,351,882	(9,014,796)
Net assets:				
Beginning of year	121,413,445	36,924,515	118,913,362	286,266,118
End of year	\$ 116,120,110	31,832,795	123,265,244	277,251,322

See accompanying notes to consolidated financial statements.

**CLARKSON UNIVERSITY**  
Consolidated Statement of Activities  
Year ended June 30, 2015

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues:				
Tuition and fees	\$ 145,201,705	—	—	145,201,705
Housing, dining, and other auxiliary services	29,516,866	—	—	29,516,866
Less:				
University funded scholarships	(86,191,023)	—	—	(86,191,023)
Government funded student aid	(468,664)	—	—	(468,664)
Net tuition and fees	88,058,884	—	—	88,058,884
Government contracts and grants	11,148,961	—	—	11,148,961
Private gifts and grants	6,946,400	2,089,740	—	9,036,140
Related entities	1,612,487	—	—	1,612,487
Other sources	3,736,613	—	—	3,736,613
Allocation of endowment return for spending	7,963,614	—	—	7,963,614
Net assets released from restrictions	1,250,420	(1,250,420)	—	—
Total operating revenues	120,717,379	839,320	—	121,556,699
Operating expenses:				
Instruction	53,890,368	—	—	53,890,368
Research	11,248,376	—	—	11,248,376
Academic support	12,303,196	—	—	12,303,196
Student services	15,020,104	—	—	15,020,104
Institutional support	16,760,644	—	—	16,760,644
Housing, dining and other auxiliary services	15,602,462	—	—	15,602,462
Related entities	1,632,918	—	—	1,632,918
Total operating expenses	126,458,068	—	—	126,458,068
(Decrease) increase from operating activity	(5,740,689)	839,320	—	(4,901,369)
Nonoperating activity:				
State grants and contributions for long-term investment	6,889,191	1,891,959	4,871,269	13,652,419
Change in pledges receivable	—	(61,367)	(1,247,499)	(1,308,866)
Total endowment investment return	(1,095,796)	(2,743,714)	—	(3,839,510)
Endowment return distributed for operations	(1,979,422)	(6,091,714)	107,522	(7,963,614)
Loss on disposal of assets	(370,475)	—	—	(370,475)
Other changes and reclassifications	(2,217,442)	2,217,442	—	—
Net assets released from restrictions	912	2,000	(2,912)	—
Postretirement related adjustments other than net periodic benefit costs	(3,130,282)	—	—	(3,130,282)
Other nonoperating income (expenses)	(161,018)	(740,695)	(251,386)	(1,153,099)
(Decrease) increase from nonoperating activity	(2,064,332)	(5,526,089)	3,476,994	(4,113,427)
Change in net assets	(7,805,021)	(4,686,769)	3,476,994	(9,014,796)
Net assets:				
Beginning of year	129,218,466	41,611,284	115,436,368	286,266,118
End of year	\$ 121,413,445	36,924,515	118,913,362	277,251,322

See accompanying notes to consolidated financial statements.

**CLARKSON UNIVERSITY**  
Consolidated Statements of Cash Flows  
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (6,033,173)	(9,014,796)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Inherent contribution received through acquisition of Union Graduate College	(8,414,785)	—
Depreciation and amortization	9,236,943	9,166,591
Loss on disposal of assets	257,141	370,475
Contributions received for long-term investment	(6,792,001)	(7,629,309)
Contributions received for investment in annuity agreements	(310,203)	(192,024)
Net realized and unrealized loss on investments	7,703,659	5,156,704
Adjustment on loans receivable	120,143	(521,116)
Asset retirement obligation	412,340	346,935
Forgiveness of debt	(333,340)	(333,340)
Changes in assets and liabilities that effect operating cash flows:		
Accounts receivable	3,891,966	1,823,518
Pledges receivable	1,529,093	1,308,866
Other assets	79,477	(181,938)
Accounts payable and accrued expenses	512,313	(524,665)
Asset retirement obligation	(710,357)	(209,981)
Deposits and advances	(1,598,922)	587,464
Other liabilities	(504,072)	(1,487,567)
Postretirement benefits	3,153,683	2,490,941
Net cash provided by operating activities	<u>2,199,905</u>	<u>1,156,758</u>
Cash flows from investing activities:		
Proceeds from maturity/sale of investments	29,603,427	86,422,435
Purchase of investments	(26,037,046)	(76,691,495)
(Increase) decrease in short-term investments	(1,715)	4,354
Increase in deposits with trustee	(561)	(13,527)
Student loans collected, net	(392,894)	(1,010,898)
Other assets collected	75,501	125,278
Cash acquired in acquisition of Union Graduate College	2,804,252	—
Purchase of property and equipment	(7,904,031)	(13,722,694)
Net cash used in investing activities	<u>(1,853,067)</u>	<u>(4,886,547)</u>
Cash flows from financing activities:		
Contributions received for long-term investment	5,416,973	4,945,045
Contributions received for investment in annuity agreements	310,203	192,024
Payment of debt principal	(913,459)	(999,285)
Other changes in government loan funds	275,976	43,375
Net cash provided by financing activities	<u>5,089,693</u>	<u>4,181,159</u>
Net increase in cash and cash equivalents	5,436,531	451,370
Cash and cash equivalents:		
Beginning of year	5,175,519	4,724,149
End of year	<u>\$ 10,612,050</u>	<u>5,175,519</u>
Supplemental disclosures:		
Interest paid	\$ 2,856,357	2,873,807
Noncash transactions:		
Securities contributions	1,375,028	2,684,262
Increase (decrease) in construction-related payables	728,477	(669,107)
Equipment obtained through lease	412,226	—

See accompanying notes to consolidated financial statements.

## CLARKSON UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

#### (1) Summary of Significant Accounting Policies

##### (a) *Organization*

Clarkson University (the University) is an independent, co-educational, not-for-profit, nonsectarian institution of higher education located in Potsdam, New York. The University, founded in 1896, operates as an education corporation under the New York State Not-for-Profit Corporation Law under the direction of an independent Board of Trustees. The University has a total enrollment of over 3,000 undergraduate students and 1,000 graduate students in more than 50 comprehensive programs in business, engineering, science, liberal arts, health sciences, and environmental studies. Through the acquisition of Union Graduate College in Schenectady, New York, the University established the Clarkson University Capital Region Campus (CRC) on February 1, 2016. This has brought more than 400 additional graduate students and several additional graduate programs to the University. Refer to note 10 for additional details regarding this acquisition.

J.R. Weston, Inc. (Weston, included within Related Entities on the Statements of Activities) is a for-profit, wholly owned subsidiary of the University. Weston operations consist of real estate rentals and a hotel operation. The Beacon Institute, Inc. is a not-for-profit organization of which the University is the sole member. Beacon owns and operates a global center for scientific technological innovation that advances research, education and public policy regarding rivers and estuaries. All significant inter-entity accounts and transactions are eliminated in consolidation.

##### (b) *Basis of Accounting*

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

##### (c) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and reported amounts of revenues and expenses during the reporting periods. Management's most significant use of estimates relate to allowances for receivables, investment valuations, accrued postretirement benefits and asset retirement obligations. Actual results could differ from those estimates.

##### (d) *Net Assets*

The accompanying consolidated financial statements present information in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated by the presence or absence of donor-imposed restrictions. Net assets having similar characteristics have been classified as follows:

*Unrestricted net assets* may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties. Unrestricted net assets include operating, plant, and internally designated plant and funds functioning as endowment funds.

## CLARKSON UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

*Temporarily restricted net assets* are subject to donor-imposed or legal stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire with the passage of time. Total return on permanently and temporarily restricted assets are reported as temporarily restricted net assets until appropriated by the University's Board of Trustees in accordance with New York State laws.

*Permanently restricted net assets* are subject to donor-imposed stipulations that they be maintained into perpetuity and neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of the University. Generally, the donors of these assets permit the University to use all or part of the investment return on these assets to support program activities, principally financial aid and instruction.

Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets as "net assets released from restrictions."

**(e) *Cash Equivalents***

Cash equivalents represent highly liquid debt instruments with original maturities of three months or less that are not part of long-term investment pools.

**(f) *Deposits with Trustee***

Deposits with trustee include debt service and certain reserve funds required by the trustee.

**(g) *Contributions***

Contributions, including unconditional pledges, are recognized as revenues when donors' commitments are received. Conditional pledges are recognized as revenues when the conditions are substantially met. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received except unconditional pledges to be received in future years, which are discounted, as of the date of the contribution, at rates commensurate with the period of time until the pledge is scheduled to be paid and reflecting an allowance for potential collection risk, and are classified as either permanently restricted or temporarily restricted. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets. Contributions specified for the acquisition or construction of long-lived assets are reported as unrestricted net assets when the assets are placed in service. In the absence of donor stipulations, income and gains on contributions or contributed assets are reported as unrestricted revenue.

## CLARKSON UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

**(h) Investments**

Investments are reported at estimated fair value. The values of publicly traded fixed income and equity securities are based on quoted market prices. Nonmarketable securities include alternative investments in hedge, private equity, and other similar funds, which are valued using current estimates of fair value in the absence of readily determinable market values. The University utilizes net asset value or its equivalent (NAV) reported by the fund managers as a practical expedient to fair value. The estimates, because of the inherent uncertainty of valuations for these investments, may differ from the values that would have been used had ready markets existed. As of June 30, 2016, the University had no specific plans or intentions to sell investments at amounts different than NAV.

**(i) Fair Value**

GAAP defines fair value and establishes a framework for measuring fair value. The GAAP definition of fair value focuses on the exit price of a financial instrument, which is the price that would be received to sell an asset or settle a liability in an orderly transaction between market participants at the measurement date, incorporating a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the reporting entity's own assumptions about how market participants would value a financial instrument based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

- Level 1 – quoted prices (unadjusted) in active markets that are accessible for assets and liabilities at the measurement date. Assets classified as Level 1 generally include listed equities.
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data. Assets and liabilities classified as Level 2 generally include short-term investments.
- Level 3 – inputs include pricing inputs that are unobservable for the assets and reflect certain assumptions to determine fair value. Assets and liabilities classified as Level 3 generally include annuity and life income funds.

Investments in certain funds measured at NAV as a practical expedient to estimate fair value are not classified in the fair value hierarchy table.

**(j) Property and Equipment**

Buildings, grounds, equipment, and construction in progress are stated at cost, or, in the case of gifts, at fair value at date of donation, less accumulated depreciation. Expenditures for maintenance, repairs and renewals of relatively minor items are not capitalized. The cost of assets disposed of and related accumulated depreciation are eliminated from the accounts.

## CLARKSON UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

The University assesses its long-lived assets for impairment whenever events or changes in circumstances indicate potential impairment. The University has determined that no impairment losses need be recognized in the periods presented. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Such assets and lives are generally as follows:

Buildings	20–50 years
Equipment	3–20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**(k) Asset Retirement Obligations**

The University accrues for asset retirement obligations in the period in which they are incurred. Beginning with the date identified and through the estimated time of settlement of the obligation, the liability is accreted to its estimated settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded.

The following is a summary of the activity associated with asset retirement obligations during the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Asset retirement obligations at beginning of year	\$ 5,307,725	5,170,771
Remediation	(136,820)	(187,778)
Accretion expense	333,317	346,935
Cost estimate revisions	(573,537)	(22,203)
Asset retirement obligations at end of year	<u>\$ 4,930,685</u>	<u>5,307,725</u>

## **CLARKSON UNIVERSITY**

### **Notes to Consolidated Financial Statements**

June 30, 2016 and 2015

**(l) Retirement Plans**

The University participates in defined contribution retirement plans. Total expense under these plans, representing the University's contributions to these plans, was \$4,107,378 and \$3,831,838 for 2016 and 2015, respectively. The plan document was amended to allow employees of the Beacon Institute to participate in the plan as of July 1, 2014.

**(m) Income Taxes**

The consolidated financial statements include the University and Beacon, which are generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Weston is a taxable subsidiary of the University. The income tax attributable to Weston is reflected in these consolidated financial statements but is not material.

The University recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by a taxing authority and believes it has taken no significant uncertain tax positions.

**(n) Allocation of Certain Expenses**

The statements of activities present expenses by functional classification. Operation and maintenance of plant and depreciation are allocated based on square footage. Interest expense is allocated to functional expenses according to the original purpose of the bond proceeds.

**(o) Reclassifications**

Certain 2015 amounts have been reclassified to conform to the 2016 presentation.



# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

### (2) Investments and Fair Value

#### (a) Fair Value

The following table presents the financial instruments carried at fair value as of June 30, 2016, by balance sheet caption, based on the valuation hierarchy defined in note 1(i):

	Level 1	Level 2	Level 3	Measured at NAV	Total	Redemption or liquidation
Other assets:						
Short-term investments	\$ —	678,062	—	—	678,062	Daily
GATE receivable	—	—	1,064,545	—	1,064,545	Illiquid
Deposits with trustee	1,677,765	—	—	—	1,677,765	Daily
Investments:						
Money market and similar	357,769	—	—	—	357,769	Daily
Fixed income securities:						
U.S. government securities	12,311,434	—	—	—	12,311,434	Daily
Other	76,325	—	—	—	76,325	Daily
Corporate stocks:						
Domestic	8,714,706	—	—	—	8,714,706	Daily
International	19,624,106	—	—	—	19,624,106	Daily
Hedge funds:						
Multistrategy funds	—	—	—	48,619,141	48,619,141	Quarterly/Annual
Private equity	—	—	—	7,356,682	7,356,682	Illiquid
Venture capital	—	—	—	4,876,144	4,876,144	Illiquid
Real assets	14,165,821	—	16,000	2,083,190	16,265,011	Monthly
International equity	7,152,594	—	—	31,425,461	38,578,055	Monthly
Annuity and life income funds	—	—	5,894,486	—	5,894,486	N/A
Life insurance policies	—	—	292,261	—	292,261	Daily
Investments	<u>62,402,755</u>	<u>—</u>	<u>6,202,747</u>	<u>94,360,618</u>	<u>162,966,120</u>	
Total assets	<u>\$ 64,080,520</u>	<u>678,062</u>	<u>7,267,292</u>	<u>94,360,618</u>	<u>166,386,492</u>	
Liabilities:						
GATE liability	\$ —	—	149,578	—	149,578	
Total liabilities at fair value	<u>\$ —</u>	<u>—</u>	<u>149,578</u>	<u>—</u>	<u>149,578</u>	

# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

The following table presents the financial instruments carried at fair value as of June 30, 2015, by caption on the balance sheet by the valuation hierarchy defined above:

	Level 1	Level 2	Level 3	Measured at NAV	Total	Redemption or liquidation
Other assets:						
Short-term investments	\$ —	676,347	—	—	676,347	Daily
GATE receivable	—	—	1,376,007	—	1,376,007	Illiquid
Deposits with trustee	1,677,204	—	—	—	1,677,204	Daily
Investments:						
Money market and similar	392,462	—	—	—	392,462	Daily
Fixed income securities:						
U.S. government securities	10,765,633	—	—	—	10,765,633	Daily
Other	76,434	—	—	—	76,434	Daily
Corporate stocks:						
Domestic	13,802,485	—	—	—	13,802,485	Daily
International	26,167,701	—	—	—	26,167,701	Daily
Hedge funds:						
Multistrategy funds	—	—	—	54,194,335	54,194,335	Quarterly/Annual
Private equity	—	—	—	7,403,599	7,403,599	Illiquid
Venture capital	—	—	—	5,434,715	5,434,715	Illiquid
Real assets	11,373,801	—	16,000	18,000	11,407,801	Monthly
International equity	7,152,594	—	—	31,425,461	38,578,055	Monthly
Annuity and life income funds	—	—	6,211,728	—	6,211,728	N/A
Life insurance policies	—	—	281,210	—	281,210	Daily
Investments	69,731,110	—	6,508,938	98,476,110	174,716,158	
Total assets	\$ 71,408,314	676,347	7,884,945	98,476,110	178,445,716	
Liabilities:						
GATE liability	\$ —	—	265,396	—	265,396	
Total liabilities at fair value	\$ —	—	265,396	—	265,396	

The University was involved in the Guaranteed Access to Education (GATE) loan program from 1994 to 2005. Under this program, the University recognizes future residual cash flows as an asset. Based on historical default rates and other assumptions, the residual receivables are \$1,064,545 and \$1,376,007 as of June 30, 2016 and 2015, respectively. This amount is recorded at estimated fair value in other assets on the accompanying consolidated balance sheets. Also under this program, the University has pledged approximately \$5,633,092 and \$5,696,799 as of June 30, 2016 and 2015 to a third party administrator to guaranty the loans. The discounted estimated pledge contribution liability is \$149,578 and \$265,396 as of June 30, 2016 and 2015, respectively. This amount has been recorded at fair value in other liabilities in the accompanying consolidated balance sheets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

The following table is a roll forward of the balance sheet amounts for financial instruments classified by the University within Level 3 of the fair value hierarchy defined above.

	Fair value July 1, 2015	Earnings	Gains (losses) net of fees	Gifts	Payments received and pledge payment	Distributions	Present value adjustment	Fair value June 30, 2016
Assets:								
GATE receivable	\$ 1,376,007	—	—	—	(75,501)	—	(235,961)	1,064,545
Real estate	16,000	—	—	—	—	—	—	16,000
Annuity and life insurance funds	6,211,728	66,994	(217,986)	288,199	—	(454,449)	—	5,894,486
Life insurance policies	281,210	—	11,051	—	—	—	—	292,261
Total assets at fair value	<u>\$ 7,884,945</u>	<u>66,994</u>	<u>(206,935)</u>	<u>288,199</u>	<u>(75,501)</u>	<u>(454,449)</u>	<u>(235,961)</u>	<u>7,267,292</u>
Liabilities:								
GATE liability	\$ 265,396	—	—	—	(93,224)	—	(22,594)	149,578
Total liabilities at fair value	<u>\$ 265,396</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(93,224)</u>	<u>—</u>	<u>(22,594)</u>	<u>149,578</u>
	Fair value July 1, 2014	Earnings	Gains (losses) net of fees	Gifts	Payments received and pledge payment	Distributions	Present value adjustment	Fair value June 30, 2015
Assets:								
GATE receivable	\$ 1,161,065	—	—	—	(125,278)	—	340,220	1,376,007
Real estate	16,000	—	—	—	—	—	—	16,000
Annuity and life insurance funds	6,335,376	129,087	269	177,229	—	(430,233)	—	6,211,728
Life insurance policies	317,623	—	13,919	—	—	(50,332)	—	281,210
Total assets at fair value	<u>\$ 7,830,064</u>	<u>129,087</u>	<u>14,188</u>	<u>177,229</u>	<u>(125,278)</u>	<u>(480,565)</u>	<u>340,220</u>	<u>7,884,945</u>
Liabilities:								
GATE liability	\$ 446,292	—	—	—	(163,902)	—	(16,994)	265,396
Total liabilities at fair value	<u>\$ 446,292</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(163,902)</u>	<u>—</u>	<u>(16,994)</u>	<u>265,396</u>

# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

### (b) *Investment Return*

A majority of endowment assets are pooled on a fair value basis, and the University utilizes a total return approach to investments in the endowment pool. This approach considers income yield (primarily interest and dividends) as well as the net realized and unrealized (loss) gain in the fair value of pooled investments when determining the spending amount. The unit fair value is used to account for income distributed and pool transactions. Pooled funds were as follows as of June 30:

	<u>2016</u>	<u>2015</u>
Investments in pooled funds, at fair value	\$ 155,752,823	162,709,187
Total number of units	757,956	730,489
Market value per unit	205.49	222.74

The University's return on endowment investments was as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Investment earnings, net of fees	\$ 741,243	1,317,194
Realized and unrealized loss, net	<u>(7,703,659)</u>	<u>(5,156,704)</u>
Total return on investment	(6,962,416)	(3,839,510)
Allocation for endowment spending policy	<u>(8,193,140)</u>	<u>(7,963,615)</u>
Nonoperating investment loss	<u>\$ (15,155,556)</u>	<u>(11,803,125)</u>

Investment fees were \$587,639 and \$722,976 for the years ended June 30, 2016 and 2015, respectively. The University has annuity and life income investments with a gross value of \$6,151,844 and \$6,459,239 as of June 30, 2016 and 2015, respectively. These funds pass to the University upon the death of the beneficiaries and, in some cases, survivors. As a result, a liability is recorded to reflect the present value of the annuity and life income obligations. The amount of this liability, which is included in other liabilities on the accompanying consolidated balance sheets, is \$4,068,267 and \$4,169,102 as of June 30, 2016 and 2015, respectively.

### (c) *Liquidity*

Investments include illiquid private equity and venture capital funds. Those investments are illiquid because distributions from them are made upon the liquidation of underlying investments. Also, certain of the University's hedge fund investments are subject to restrictions impacting their liquidity. Those restrictions include contractual lock up provisions, redemption notification requirements, and other restrictions. The University is able to withdraw money from the funds on January 1st of each year.

Under the terms of certain limited partnership agreements, the University is obligated periodically to advance additional funding. At June 30, 2016 and 2015, the University had commitments of approximately \$24,656,000 and \$17,140,000, respectively, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses.

# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

### (3) Endowment Funds

The University is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA), which governs the management and investment of funds held by not-for-profit corporations and other institutions. Absent donor stipulations to the contrary, the statutory guidelines contained in NYPMIFA relate to the prudent management, investment and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. However, NYPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure. For accounting purposes, the University applies the concepts included in NYPMIFA and ASC Topic 958, *Not-for-Profit Entities*, in its classification of unspent accumulated total return as temporarily restricted net assets.

The Board of Trustees' interpretation of its fiduciary responsibilities for donor-restricted endowment funds under New York State's Not-for-Profit Corporation Law, including NYPMIFA, is to preserve intergenerational equity to the extent possible by prudently managing, investing, and spending from the endowment funds. This principle holds that future endowment beneficiaries should receive at least the same level of economic support that the current generation receives. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to a true endowment, (b) the original value of subsequent gifts to a true endowment fund, and (c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to donor-restricted endowment funds are classified as temporarily restricted net assets until the amounts are able to be expended by the University in a manner consistent with the donor's intent.

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA. The Board-approved spending policy is designed to insulate endowment support for programming from short-term fluctuations in capital markets.

Endowment net assets are approximately \$177,100,000, with approximately \$155,800,000 in endowed investments, \$7,000,000 of internal borrowings for the student center and academic investment programs, \$2,500,000 in assets less liabilities of Weston, and \$11,800,000 due to the endowment.

Endowment net assets consisted of the following as of June 30, 2016:

	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted	\$ (7,583,358)	15,612,850	119,395,146	127,424,638
Board-designated	49,674,643	—	—	49,674,643
Total endowment net assets	<u>\$ 42,091,285</u>	<u>15,612,850</u>	<u>119,395,146</u>	<u>177,099,281</u>

# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

Changes in endowment net assets for the year ended June 30, 2016 were as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets at June 30, 2015	\$ 49,134,944	22,197,963	114,807,448	186,140,355
Interest and dividends, net of fees	210,809	530,434	—	741,243
Net depreciation	(1,699,370)	(6,004,289)	—	(7,703,659)
Total investment return	(1,488,561)	(5,473,855)	—	(6,962,416)
Contributions	—	—	4,512,880	4,512,880
Board designated transfers	903,743	—	—	903,743
Amounts appropriated for expenditure	(1,708,440)	(6,000,670)	74,818	(7,634,292)
Amounts appropriated for debt service	(716,640)	—	—	(716,640)
Other changes and reclassification	(4,033,761)	4,889,412	—	855,651
Net assets at June 30, 2016	<u>\$ 42,091,285</u>	<u>15,612,850</u>	<u>119,395,146</u>	<u>177,099,281</u>

Endowment net assets consisted of the following as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted	\$ (3,318,035)	22,197,963	114,807,448	133,687,376
Board-designated	52,452,979	—	—	52,452,979
Total endowment net assets	<u>\$ 49,134,944</u>	<u>22,197,963</u>	<u>114,807,448</u>	<u>186,140,355</u>

Changes in endowment net assets for the year ended June 30, 2015 were as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets at June 30, 2014	\$ 54,141,757	28,815,949	109,960,155	192,917,861
Interest and dividends, net of fees	375,927	941,267	—	1,317,194
Net depreciation	(1,471,723)	(3,684,981)	—	(5,156,704)
Total investment return	(1,095,796)	(2,743,714)	—	(3,839,510)
Contributions	—	—	4,689,745	4,689,745
Board designated transfers	255,000	—	—	255,000
Amounts appropriated for expenditure	(1,352,483)	(6,091,714)	106,759	(7,337,438)
Amounts appropriated for debt service	(676,884)	—	—	(676,884)
Other changes and reclassification	(2,136,650)	2,217,442	50,789	131,581
Net assets at June 30, 2015	<u>\$ 49,134,944</u>	<u>22,197,963</u>	<u>114,807,448</u>	<u>186,140,355</u>

## CLARKSON UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

**(a) *Endowment Funds with Deficits***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). These deficits result from unfavorable market fluctuations that occur after the investment of endowment funds or from spending deemed prudent.

When donor-restricted endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature were \$7,583,358 and \$3,318,035 as of June 30, 2016 and 2015, respectively. These deficits were related to endowment funds with an original fair value of \$61,723,033 and \$42,152,366 as of June 30, 2016 and 2015, respectively.

**(b) *Return Objectives and Risk Parameters***

The University has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The University expects its endowment funds over time, to provide an average rate of return of approximately 8.0% annually. Actual returns in any given year may vary from this amount.

**(c) *Strategies Employed for Achieving Investment Objectives***

To achieve its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The University targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

**(d) *Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives***

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA. The Board of Trustees of the University determines the method to be used to appropriate endowment funds for expenditure. During the fiscal year ended June 30, 2009, the Board of Trustees made the determination to reduce the annual 5.0% spending rate by 0.1% each year, until a rate of 4.0% is attained. The 4.2% and 4.3% annual spending rates for the fiscal years ended June 30, 2016 and 2015, respectively, are based on a trailing 12-quarter average market value of restricted and unrestricted pooled assets. An additional annual spending of approximately 1% based on the trailing 12-quarter average market value of unrestricted pooled assets is appropriated for the Board of Trustees approved debt service expenses or capital expenditures. Furthermore, the Board of Trustees has authorized additional annual spending for certain debt service. Distributions of earnings from the fund to support expenditures are expected to be equal to or less than actual returns, therefore achieving the financial objective of preserving the value of the fund assets and related revenue stream over time.

# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

### (4) Temporarily and Permanently Restricted Net Assets

At June 30, 2016 and 2015, temporarily and permanently restricted net assets were comprised as follows:

	<b>2016</b>		<b>2015</b>	
	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>
Pledges and bequests receivable	\$ 2,075,989	399,793	3,330,567	674,308
Other program restrictions	6,113,997	5,000	6,143,131	5,000
Restricted for facilities	6,578,335	—	3,586,511	—
Restricted for student loans	—	2,811,347	—	2,802,810
Life income, annuity, and similar funds	1,451,624	653,958	1,666,343	623,796
Endowment funds	15,612,850	119,395,146	22,197,963	114,807,448
Total net assets	<u>\$ 31,832,795</u>	<u>123,265,244</u>	<u>36,924,515</u>	<u>118,913,362</u>

### (5) Receivables

Accounts receivable consisted of the following at June 30:

	<b>2016</b>	<b>2015</b>
Students, net	\$ 1,590,563	1,466,982
Research contracts and grants	3,449,989	4,988,220
Other	1,340,936	3,357,840
	<u>\$ 6,381,488</u>	<u>9,813,042</u>

The University maintains an allowance for uncollectible student and grant accounts. These allowances were \$508,391 and \$371,246 for student and grant receivables at June 30, 2016 and 2015, respectively.

Notes receivable consisted of the following at June 30:

	<b>2016</b>	<b>2015</b>
Federal and other external student	\$ 6,907,007	6,481,915
Unrestricted student loans	211,259	225,944
Permanently restricted student loans	1,424,936	1,497,089
	<u>\$ 8,543,202</u>	<u>8,204,948</u>

The University maintains an allowance for uncollectible notes receivable, which was \$1,022,593 and \$1,056,695 at June 30, 2016 and 2015, respectively.



# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

Pledges receivable at June 30 are as follows:

	<u>2016</u>	<u>2015</u>
In less than one year	\$ 1,006,764	2,200,106
In one to five years	1,219,062	2,028,474
Greater than five years	<u>410,000</u>	<u>10,000</u>
Gross receivable	2,635,826	4,238,580
Present value discount and reserve	<u>160,044</u>	<u>233,705</u>
Net receivable	<u>\$ 2,475,782</u>	<u>4,004,875</u>

### (6) Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Buildings and grounds	\$ 258,942,158	250,913,204
Equipment	40,687,453	39,493,748
Construction in progress	<u>28,540,560</u>	<u>22,473,971</u>
Total property and equipment	328,170,171	312,880,923
Less accumulated depreciation	<u>(133,751,680)</u>	<u>(126,070,982)</u>
	<u>\$ 194,418,491</u>	<u>186,809,941</u>

Construction in progress is made up of certain projects started but not completed at June 30, 2016. The estimated costs to complete these projects, most of which represent costs to be incurred under contracts with vendors, are approximately \$17,800,000. These projects consist of dormitory expansion, engineering lab additions, and others.

Capitalized interest costs were \$102,392 and \$115,271 for the years ended June 30, 2016 and 2015 respectively.

# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

### (7) Long-term Debt

Outstanding debt consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Clarkson University:		
St. Lawrence County Industrial Development Authority (IDA):		
St. Lawrence County IDA Bonds – 2003 (a)	\$ 2,975,000	3,075,000
St. Lawrence County IDA Bonds – 2007 (b)	21,752,634	22,281,207
St. Lawrence County IDA Bonds – 2011 (c)	14,587,184	14,740,995
St. Lawrence County IDA Bonds – 2012A (d)	18,938,587	18,969,120
St. Lawrence County IDA Bonds – 2012B (e)	3,061,489	3,063,809
City of Schenectady IDA Bonds – 2008A (f)	4,935,000	—
Empire State Development Corporation (g)	1,666,500	1,999,840
Capital lease (h)	314,004	—
Bond issuance costs	<u>(1,581,198)</u>	<u>(1,443,576)</u>
Total long-term debt	<u>\$ 66,649,200</u>	<u>62,686,395</u>

- (a) These bonds bear interest at rates ranging from 2.50% to 5.00% and require annual principal payments ranging from \$75,000 to \$765,000 through July 2033.
- (b) These bonds bear interest at rates ranging from 4.0% to 5.0% and require annual principal payments ranging from \$95,000 to \$2,300,000 through July 2032.
- (c) These bonds bear interest at rates ranging from 3.0% to 6.0% and requiring annual principal payments through September 2041.
- (d) These bonds bear interest at rates ranging from 4.0% to 5.25% and require annual principal payments through September 2041.
- (e) These bonds assume initial coupon interest at a rate 2.5% until March 1, 2016 and then an estimated coupon of 3.36% to maturity. The principal payment of \$3,000,000 is due September 2042.
- (f) These are Letter of Credit Secured Bonds issued through M&T Bank, under Variable Rate Demand Civic Facility Revenue Bonds. The bonds are secured by land and building in the City of Schenectady, New York. The bonds are paid in variable increments through September 1, 2037. Interest is variable and approximates 0.5% at June 30, 2016.
- (g) This is an interest-free mortgage related to the Center for Advanced Materials Process (CAMP facility). The mortgage requires annual principal payments of \$333,340 through January 2020. The principal payments that were due for fiscal years ended June 30, 2016 and 2015 were forgiven by New York State.
- (h) Represents a capital lease for research equipment, with payments annually through December 2019.

## CLARKSON UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

At June 30, 2016, the aggregate amounts of principal and sinking-fund requirements for long-term debt over the next five fiscal years and thereafter are as follows:

	<u>Amount</u>
Fiscal year:	
2017	\$ 1,422,791
2018	1,517,782
2019	1,571,714
2020	1,623,248
2021	2,228,933
Thereafter	<u>58,284,732</u>
	<u>\$ 66,649,200</u>

The St. Lawrence County IDA bond agreements include provisions requiring the maintenance of a minimum annual debt service coverage ratio. As of June 30, 2016 and 2015, the University is in compliance with these provisions.

The University has a \$5,000,000 line of credit at a bank with an interest rate that is the greater of 1.75% above the one month LIBOR with an interest period duration of one day or 2.25%. There is no expiration date associated with this line of credit. The outstanding balance at June 30, 2016 is \$0.

The University has a \$960,000 revolving line of credit with a bank related to its procurement card program on which there was an outstanding balance of \$0 and \$37,253 as of June 30, 2016 and 2015, respectively. It is interest free if full payment is received within the monthly billing cycle. The credit line is on an annual automatic renewal.

Beacon has a revolving line of credit with a bank which provides for a variable interest rate which, at June 30, 2016 and 2015, was 0.75% above the prime rate with a minimum of 4.0%. The maximum authorized amount available is \$750,000. Borrowings under the line are collateralized by Beacon's property and equipment and payable on demand. There was no balance outstanding at June 30, 2016.

Weston has a \$500,000 line of credit at a bank's prime rate (3.25% at June 30, 2016) on which there was no outstanding balance at June 30, 2016. There is no expiration date associated with this line of credit.

Effective in the year ended June 30, 2016, the University retrospectively adopted the provisions of the FASB Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest* (ASU 2015-03). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. As a result, the University has reclassified approximately \$1,581,000 and \$1,443,576 in bond issuance costs from other assets to a reduction in bonds payable in the consolidated balance sheets as of June 30, 2016 and 2015, respectively.

Effective in the year ended June 30, 2016, the University also retrospectively adopted the provisions of the FASB Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments – Overall* (ASU 2016-01). ASU 2016-01 eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for nonpublic entities.

# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

### (8) Postretirement Benefits

The University provides certain health care and sick leave benefits for retired employees. The University's employees may become eligible for those benefits if they reach retirement age while working for the University and meet certain minimum service requirements. The following table sets forth the status of the plan, which is unfunded, as of June 30:

	<u>2016</u>	<u>2015</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 15,578,947	13,088,006
Service cost	397,314	356,532
Interest cost	676,039	554,467
Plan participants' contributions	690,325	659,505
Medicare Part D subsidy	—	23,191
Actuarial loss	2,810,665	1,915,116
Benefits paid	<u>(1,420,660)</u>	<u>(1,017,870)</u>
Benefit obligation at end of year	<u>18,732,630</u>	<u>15,578,947</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Employer contributions	730,335	335,174
Plan participants' contributions	690,325	659,505
Benefits paid	<u>(1,420,660)</u>	<u>(1,017,870)</u>
Medicare Part D subsidy	<u>—</u>	<u>23,191</u>
Fair value of plan assets at end of year	<u>—</u>	<u>—</u>
Funded status at end of year	<u>\$ (18,732,630)</u>	<u>(15,578,947)</u>
Discount rates:		
Year end benefit obligation	3.60%	4.40%
Net periodic benefit cost	4.40	4.30
Components of net periodic benefit cost:		
Service cost	\$ 397,314	356,532
Interest cost	676,039	554,467
Amortization of net gain	(336,730)	(618,055)
Amortization of prior service credit	<u>(756,699)</u>	<u>(756,699)</u>
Net periodic benefit credit	<u>\$ (20,076)</u>	<u>(463,755)</u>

During the year ended June 30, 2016, the following were the key factors in the increase in the postretirement obligation: changes in plan participation rates, medical claims experience, discount rates, contribution rates and mortality rates. The changes in these factors resulted in a 20% net increase in the postretirement benefit obligation, which also represented approximately 22% of the change in the University's net asset decrease for the fiscal year ended June 30, 2016.

## CLARKSON UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

#### *Estimated Future Contributions and Benefit Payments*

The following estimated benefit payments are expected:

	<b>Contributions benefit payments</b>
2017	\$ 569,928
2018	443,191
2019	474,893
2020	506,777
2021	563,323
2022–2026	3,442,557

For measurement purposes, a 7.5% and a 5.0% annual rate of increase in the per capita cost of covered health care and dental benefits, respectively, was assumed as of June 30, 2016. The health care rate was assumed to decrease each year through 2042 to 5.0% and remain at that level thereafter while the dental rate trend remains constant for all years. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The University's plan is designed such that the healthcare cost trend rates do not impact the postretirement benefit obligation or the service and interest cost.

The estimated prior service credit for the postretirement benefits plan that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal 2017 is \$570,618.

#### **(9) Commitments and Contingencies**

The University is subject to various claims and lawsuits. In management's opinion, the resolution of these matters will not have a significant adverse effect on the University's financial position, operations, or cash flows.

The University partially retains the risk for medical insurance. The University carries stop/loss insurance that covers medical and prescription drug claims that exceed the annual aggregate attachment point of approximately \$10,317,136 and \$9,376,984 in 2016 and 2015, respectively. The attachment point for any individual claim is \$175,000. The University's estimated liability for its retained risk under these policies amounted to approximately \$981,370 and \$824,109 as of June 30, 2016 and 2015 and is recorded within other liabilities on the balance sheets.

#### **(10) Union Graduate College Acquisition**

Until the acquisition described in the following paragraph occurred, Union Graduate College (UGC) was an independent, co-educational, not-for-profit graduate college located in Schenectady, New York. On May 11, 2015, the University and UGC entered into an agreement, effective February 1, 2016, pursuant to which UGC was merged with and into the University in accordance with the provisions of the New York Educational Law, whereupon the separate corporate existence of UGC has ceased and Clarkson University is the surviving entity. The University acquired UGC to form the Clarkson University Capital Region Campus (CRC) and expand its graduate offerings by continuing the distinguished bio-ethics, healthcare

# CLARKSON UNIVERSITY

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

management, and education programs offered by UGC. The CRC will also serve as an integrated hub for program marketing, student recruitment and admissions for graduate programs. There was no consideration exchanged for the acquisition, and the transaction resulted in an inherent contribution received, as UGC was seeking to provide students, faculty and alumni from both institutions access to a richer pool of resources that will provide heightened opportunities for meaningful collaboration, enhanced course offerings, cutting-edge research, expanded career services, and enriched corporate and alumni networks.

The change in control of UGC was accounted for as an acquisition under the Merger and Acquisition guidance for not-for-profit entities. As such, the University recorded approximately \$8,415,000 of inherent contribution income in the consolidated statement of activities. The amount represents the excess of the fair value of assets acquired over the fair value of liabilities assumed, of which approximately \$1,428,000 reflects an increase to the fair value adjustment to building and land at February 1, 2016. In addition, approximately \$413,000 in operating expense has been incurred for acquisition related costs. The expenses have been classified as institutional support within the consolidated statement of activities, and approximately \$353,000 and \$60,000 were recognized during the years ended June 30, 2016 and 2015, respectively. The consolidated statement of activities reflects activity of approximately \$87,000 from the date of acquisition (February 1, 2016) to year end.

The fair value of assets acquired, liabilities assumed and the net assets of UGC at February 1, 2016 were as follows:

Assets:	
Cash	\$ 2,804,252
Student receivables, net	268,572
Grants and other receivables	137,199
Property and equipment, net	8,063,500
Investments	3,510,549
	<u>\$ 14,784,072</u>
Liabilities:	
Accounts payable and accrued expenses	\$ 305,407
Deferred revenue	1,339,926
Long-term debt	4,723,954
	<u>\$ 6,369,287</u>
Net assets:	
Unrestricted	\$ 6,893,390
Temporarily restricted	621,488
Permanently restricted	899,907
	<u>\$ 8,414,785</u>

## CLARKSON UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

A summary of the financial results of CRC included in the consolidated statement of activities from the period February 1, 2016 through June 30, 2016 is as follows:

Net tuition and fee revenue	\$	3,285,227
Other operating revenue		364,040
Operating expenses		(3,666,199)
Nonoperating revenue		<u>104,269</u>
Excess of revenues over expenses	\$	<u><u>87,337</u></u>
Decrease in unrestricted net assets	\$	(7,152)
Increase in temporarily restricted net assets		94,489

Based upon the fact that UGC's previous annual fiscal reporting period of September 1 to August 31 is not consistent with the University's fiscal reporting period, the University has deemed it impracticable to disclose the revenues and changes in net assets by class of the combined entity as though the acquisition date had been at the beginning of the annual reporting periods. For the twelve month period from September 1, 2014 to August 31, 2015 Union Graduate College had \$7,136,983 of total revenues and \$7,787,352 of expenses.

#### (11) Subsequent Events

The University has evaluated subsequent events through October 19, 2016, the date on which the consolidated financial statements were issued. The University is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

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**APPENDIX C**  
**CERTAIN DEFINITIONS**

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## APPENDIX C

### CERTAIN DEFINITIONS

“Accountant” means a nationally or regionally recognized firm of independent certified public accountants selected by the University having expertise in the particular businesses in which the University is engaged.

“Act” means the Not-For-Profit Corporation Law of the State of New York as amended.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the University as debtor or the Issuer as debtor under any applicable bankruptcy, insolvency, reorganization or similar law as now or hereafter in effect.

“Additional Bonds” means any bonds, other than the Series 2017 Bonds, issued pursuant to the Indenture.

“Annual Debt Service” means the actual sum of the principal and sinking fund installments of and interest on outstanding Long-Term Indebtedness payable during a Fiscal Year provided that (i) with respect any Indebtedness that bears a variable rate of interest, the debt service shall include any credit enhancement costs, (ii) for purposes of any computation of the projected (but not historic) Annual Debt Service or Maximum Annual Debt Service, such Indebtedness shall be deemed to bear interest at a rate equal to the rate derived from a widely recognized index or interest rate as may be submitted in writing to the Trustee by a commercial bank or a firm of investment bankers selected by the University, as the index or interest rate reasonably reflecting the terms and provisions of the Indebtedness in question and (iii) with respect to any Long-Term Indebtedness subject to an interest rate exchange agreement, the debt service shall include the net payments made to or received from the counterparty. With respect to principal and sinking fund installments paid in any Fiscal Year on outstanding Balloon Indebtedness, such debt shall be assumed to be issued on a level debt service basis with a term of twenty (20) years from the date of issuance of the Indebtedness.

“Authorized Investments” means any of the following: (i) Government Obligations, (ii) obligations of the Federal National Mortgage Association, (iii) obligations of the Federal Intermediate Credit Banks, (iv) obligations of the Federal Banks for Cooperatives, (v) obligations of Federal Home Land Banks, (vi) obligations of Federal Home Loan Banks, (vii) obligations of Export-Import Bank of the United States, (viii) obligations of the U.S. Postal Service, (ix) obligations of the Government National Mortgage Association, (x) obligations of the Federal Home Loan Mortgage Corporation, (xi) obligations of the Private Export Funding Corporation, (xii) obligations of a state, territory or possession of the United States or any political subdivision of the foregoing, the interest on which is not included in gross income for federal income taxation purposes and which bear a rating in one of the two highest rating categories by a Rating Agency, (xiii) obligations described in clause (xii) above which have been advance refunded and are secured by obligations described in clause (i) above, (xiv) interest bearing accounts, interest bearing deposits or certificates of deposit issued by, or bankers’ acceptances drawn or accepted by, banks or trust companies, including the Trustee, organized

under the laws of the United States or any state thereof whose long term debt and bank deposits bear ratings of “A” (or its equivalent) or better by a Rating Agency, (xv) commercial paper rated “P-1” (or its equivalent) or better by a Rating Agency or units of a commercial paper portfolio or fund comprised thereof, (xvi) notes of bank holding companies and banking institutions, organized under the laws of the United States or any state thereof, bearing a rating in one of the two highest categories by a Rating Agency, (xvii) units of a taxable government money-market portfolio restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States or repurchase agreements collateralized by such obligations, (xviii) certificates of deposit issued by a nationally or state-chartered bank, including the Trustee or any of its affiliates, or a savings and loan association whose long term debt and bank deposits do not bear ratings of “A” (or its equivalent) or better by a Rating Agency; provided that the principal amount of any such certificate of deposit in excess of the amount insured by the FDIC shall be fully secured and collateralized by the pledge and deposit of securities described in (i) above with a market value equal to one hundred percent (100%) of such uninsured excess principal amount, (xix) (A) demand and time deposits in, certificates of deposits of, bankers’ acceptances issued by, or federal funds sold by any depository institution or trust company (including the Trustee) incorporated under the laws of the United States of America, any state thereof or the District of Columbia or any foreign depository institution with a branch or agency licensed under the laws of the United States of America or any state, subject to supervision and examination by Federal and/or State banking authorities and having an approved rating at the time of such investment or contractual commitment providing for such investment of “A” (or its equivalent) or better by a Rating Agency or (B) any other demand or time deposit certificate of deposit which is fully insured by the Federal Deposit Insurance Corporation or any successor therefor; (xx) investment agreements or repurchase agreements with any bank, trust company, national banking association (which may include the Trustee) or any other financial institution or insurance company or guaranteed thereby, provided that the institution providing such investment agreements or repurchase agreements shall be rated “A” (or its equivalent) or better by a Rating Agency, or the principal amount of such investment agreements or repurchase agreements then outstanding shall be fully secured and collateralized by the pledge and deposit of securities (including wireable securities) described in (i) and (ii) above with a market value equal to one hundred two percent (102%) of such principal amount, that the Trustee has a perfected first security interest in the collateral, that the Trustee or any agent has possession of the collateral, and that such obligations are free and clear of claims by third parties and (xxi) money market mutual funds with assets in excess of \$2,000,000,000 investing in obligations of the type specified in items (i) through (xii), (xv), (xvii) and (xx) above.

Any of the items described in (xiv), (xvi), (xviii), (xix) and (xx) hereof shall be only of institutions whose capital surplus (or in the case of financial institutions other than banks, net worth) is in excess of \$50,000,000.

“Authorized Representative” means with respect to the Issuer, its Chairman, Vice Chairman or Chief Executive Officer, with respect to the University, its President or its Chief Financial Officer, and with respect to both such additional persons as, at the time, are designated to act on behalf of the Issuer or the University, as the case may be, by written certificate furnished to the Trustee and to the Issuer or the University, as the case may be, containing the

specimen signature of each such person and signed on behalf of (i) the Issuer by its Chairman, Vice Chairman or Chief Executive Officer, or (ii) the University by its President or its Chief Financial Officer.

“Balloon Indebtedness” shall mean Long-Term Indebtedness of which 25% or more in principal amount matures, or is required to be purchased by the University (either automatically or at the option of the holder of such Balloon Indebtedness), or otherwise comes due in any one year.

“Bond” or “Bonds” means, the St. Lawrence County Industrial Development Agency Civic Development Corporation Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2017, in the original aggregate principal amount of \$30,275,000 and any Additional Bonds, authorized to be issued pursuant to the Indenture.

“Bond Counsel” means the law firm of Bond, Schoeneck & King, PLLC or an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

“Bond Fund” means the fund established pursuant to the Indenture.

“Bondholder” or “Holder” or “Owner” means the registered owner at the time in question of any Bond, as shown on the registration books maintained by the Bond Registrar pursuant to the Indenture.

“Bond Payment Date” means any date on which a Debt Service Payment shall be payable on any of the Bonds according to their terms so long as any of the Bonds shall be Outstanding.

“Bond Proceeds” means the sum of the face amount of the Series 2017 Bonds plus accrued interest, if any, premium, if any, less the sum of the original issue discount plus the underwriter’s spread or similar discount, if any.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated April 12, 2017 by and among the Issuer, the University and the Underwriter.

“Bond Registrar” means the Trustee, acting as such, and any successor bond registrar for the Bonds appointed pursuant to Article IX of the Indenture, their respective successors and any other corporation which may at any time be substituted in their respective places pursuant to the Indenture.

“Bond Resolution” means the resolution adopted by the Issuer on April 11, 2017 authorizing the issuance, execution, sale and delivery of the Series 2017 Bonds and the execution and delivery of Issuer Documents, as such resolution may be amended or supplemented from time to time.

“Bond Year” means the one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year begins on the dated date of original issuance of the Bonds and ends one year later.

“Business Day” means a day other than a Saturday, Sunday, legal holiday or other day on which the Trustee is authorized by law or executive order to remain closed.

“Capital Additions” means all property or interests in property, real, personal and mixed (a) which constitute additions, improvements or extraordinary repairs to or replacements of all or any part of the Project Facility, and (b) the cost of which is properly capitalized under generally accepted accounting principles.

“Certificates of Authentication of the Trustee” and “Trustee’s Certificates of Authentication” means the certificates executed by an authorized officer of the Trustee certifying the due authentication of the Series 2017 Bonds in the aggregate principal amount of \$30,275,000.

“Closing” means the date of the sale and delivery of the Series 2017 Bonds and the delivery of the Financing Documents.

“Closing Date” means the date of sale and delivery of the Series 2017 Bonds pursuant to the Indenture being April 27, 2017.

“Code” means the Internal Revenue Code of 1986, as amended, and the final, temporary and proposed regulations of the United States Department of the Treasury promulgated thereunder. References to Sections of the Code shall be construed also to refer to successor and renumbered sections.

“Completion Date” means on or about August 2019.

“Completion Indebtedness” means any Indebtedness incurred by the University for the purpose of financing the completion of the constructing or equipping of facilities for which Indebtedness has theretofore been incurred in accordance with the provisions of the Loan Agreement, to the extent necessary to provide a completed and equipped facility of the type and scope contemplated at the time of the initial financing of the facilities.

“Computation Period” means each period from the date of original issuance of the Bonds through the date on which a determination of the Rebate Amount is made.

“Condemnation” means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any governmental entity or other Person acting under Governmental Authority.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of April 1, 2017 by and between the University and the Trustee, as the same may be amended or supplemented from time to time.

“Contract Term” means the period commencing with the Closing Date and continuing until the principal of, premium, if any, and interest on the Bonds have been paid in full, or provision therefor has been made pursuant to Article VII of the Indenture, and all other amounts due under the Loan Agreement have been paid in full.

“Current Project Facility” means shall have the meaning assigned to such term in the WHEREAS paragraphs of the Indenture.

“Debt Service Coverage Ratio” means, for any Fiscal Year, the ratio of Income Available for Debt Service for such Fiscal Year to Annual Debt Service for such Fiscal Year.

“Debt Service Payment” means, with respect to any Bond Payment Date, (i) the interest payable on such Bond Payment Date on the Bonds Outstanding, plus (ii) the principal, if any, payable on such Bond Payment Date on the Bonds Outstanding, plus (iii) the premium, if any, payable on such Bond Payment Date on the Bonds Outstanding.

“Default Rate” means the lesser of the per annum prime rate as last published in The Wall Street Journal plus two percent (2.00%) or the maximum rate permitted by law, that being the rate at which interest accrues on the Bonds from and after the date of occurrence of an Event of Default and for so long as such Event of Default remains in effect.

“Defeasance Obligations” shall mean (i) cash; (ii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – (SLGs)); (iii) direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury; (iv) obligations of Resolution Funding Corp. (“REFCORP”) (*provided, however*, that, only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form shall qualify as Defeasance Obligations); (v) pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P (*provided, however*, that, if such pre-funded municipal bonds are only rated by S&P, then such pre-refunded bonds shall have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or “AAA” rated pre-refunded municipals; and (vi) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank (Eximbank) Direct Obligations or fully guaranteed certificates of beneficial ownership; (b) Farmers Home Administration (FmHA); (c) Federal Financing Bank; (d) General Services Administration; Participation Certificates; (e) U.S. Maritime Administration; Guaranteed Title XI financing; and (f) U.S. Department of Housing and Urban Development (HUD) Project Notes, Local Authority Bonds, New Communities Debentures – U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.

“Depository” or “DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Earnings Fund” means the fund established pursuant to the Indenture.

“Equipment” means all machinery, equipment and other tangible personal property used and to be used in connection with the Project Facility and refinanced with Bond Proceeds with such additions thereto and substitutions therefor as may exist from time to time.

“Event of Default” means any of those events defined as Events of Default by the Indenture or, when used with respect to the Loan Agreement, any of those events defined as Events of Default by the Loan Agreement.

“Extraordinary Services” and “Extraordinary Expenses” means all services rendered and all reasonable, out-of-pocket expenses incurred by the Trustee or any Paying Agent under the Indenture other than Ordinary Services and Ordinary Expenses including but not limited to, the services rendered and expenses reasonably incurred by the Trustee with respect to any Event of Default under the Financing Documents, or the happening of an occurrence which, with the passage of time or the giving of a notice, would ripen into an Event of Default.

“Favorable Opinion of Bond Counsel” shall mean, with respect to any action, the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Act and the Indenture and will not impair the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds).

“Financing Documents” or “Bond Documents” means, collectively, the Bonds, the Indenture, the Loan Agreement, the Pledge and Assignment, the Pledge and Security Agreement, the Tax Compliance Agreement, the Continuing Disclosure Agreement, any other document or instrument executed in connection therewith to secure the University’s obligation to repay the Series 2017 Bonds and any other instrument or document supplemental thereto.

“Fiscal Year” means the fiscal year of the University currently commencing on July 1 and ending on June 30 of each year.

“Governmental Authority” means the United States, the State, and any other state or any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of these, having jurisdiction over the construction, equipping, ownership, leasing, operation and/or maintenance of the Project Facility.

“Governmental Obligations” means (i) any bonds or other obligations of the United States of America which, as to principal and interest, constitute direct obligations of or are guaranteed by the United States of America, (ii) any bonds, debentures, participation certificates, notes or other obligations of any agency or other corporation which has been or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof, the bonds, debentures, participation certificates, notes or other obligations of which are unconditionally guaranteed by the United States of America, (iii) any bond or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee or other fiduciary of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption



on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (iii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (iii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (iii), as appropriate; and (iv) any certificates or other evidences of an ownership interest in obligations of the character described in clauses (i) and (ii) hereof or in specific portions thereof, including, without limitation, portions consisting solely of the principal thereof or solely of the interest thereon.

“Hazardous Materials” means any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum-based products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials as set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), Articles 15 or 27 of the New York Environmental Conservation Law, or any other applicable Environmental Law and the regulations promulgated thereunder.

“Holder” or “Holders” means the holder or holders from time to time of the Outstanding principal amount of Bonds.

“Historic Test Period” means at any particular time, the most recent Fiscal Year of the University.

“Income Available for Debt Service” means, for any period, the sum, as included in the University’s audited financial statements, of (i) total unrestricted revenues, including short term investment income, investment returns designated for current operations, unrestricted gifts and all other funds of the University that are legally available to be used for the payment of debt service, less unrestricted expenses, exclusive of unrealized and realized gains and losses on long-term investments not designated for current operations, (ii) all interest expense of the University for such period with respect to Long-Term Indebtedness, and (iii) all depreciation and principal amortization for such period; provided further that no determination of Income Available for Debt Service shall take into account any disposition of capital assets not in the ordinary course of business to the extent otherwise included in the foregoing calculations of revenues and expenses, any other gains or losses resulting from changes in accounting principles not involving the receipt or expenditure of cash, or any other non-operating, non-cash expenses.

“Indebtedness” shall mean all indebtedness of the University for borrowed moneys.

“Indenture” means the Indenture of Trust dated as of April 1, 2017 by and between the Issuer and the Trustee pursuant to which the Series 2017 Bonds are authorized to be issued, as may be amended or supplemented by any additional Supplemental Indenture.

“Independent Counsel” means an attorney or attorneys or firm or firms of attorneys duly admitted to practice law before the highest court in the State.

“Independent Consultant” means a person who shall be independent, appointed by the University or the Issuer, as the case may be, who is not a member of the Board of Trustees of the University (or other University governing body) or the Board of the Issuer, an officer or employee of the Issuer or an officer or employee of the University, generally recognized as qualified to pass upon the matters under consideration and having a favorable reputation for skill and experience in such matters.

“Intercreditor Agreement” means the Amended and Restated Intercreditor Agreement dated as of April 1, 2017 between Manufacturers and Traders Trust Company, as trustee for the Issuer’s Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2011, the Issuer’s Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2012A and the Issuer’s Tax-Exempt Multi-Modal Revenue Bonds (Clarkson University Project), Series 2012B and the Trustee, as consented to by the University.

“Interest Payment Date” means the first day of each March and September (or the next succeeding Business Day if such first day is not a Business Day), commencing with September 1, 2017.

“Issuer” means (i) St. Lawrence County Industrial Development Agency Civic Development Corporation and its successors and assigns and (ii) any not-for-profit corporation resulting from or surviving any consolidation or merger to which the St. Lawrence County Industrial Development Agency Civic Development Corporation or its successors or assigns may be a party.

“Issuer Documents” means the Bonds, the Indenture, the Loan Agreement, the Pledge and Assignment and the Tax Compliance Agreement.

“Legal Requirement” shall have the meaning assigned to such term in Section 4.6 of the Loan Agreement.

“Letters of Instructions” means, collectively, the Series 2003 Letter of Instructions and the Series 2007 Letter of Instructions.

“Lien” means any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to a security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” includes reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other similar encumbrances, including but not limited to, mechanics’, materialmen’s, warehousemen’s and carriers’ liens and other similar encumbrances affecting real

property. For the purposes hereof, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

“Loan Agreement” means the Loan Agreement dated as of April 1, 2017 by and between the Issuer and the University pursuant to which the Issuer loans the proceeds of the Series 2017 Bonds to the University with the debt-service payments thereunder to be in an amount sufficient to pay, among other things, the principal of and interest on the Series 2017 Bonds, as the same may be amended and supplemented.

“Maximum Annual Debt Service” means on any date, the greatest amount required in the then current or future Fiscal Year of Annual Debt Service.

“Net Investment in Plant” shall mean net property, plant and equipment (as shown in the University’s most recent audited financial statements) less Long Term Indebtedness.

“Net Proceeds” means so much of the gross proceeds with respect to which that term is used as remain after payment of all expenses, costs and taxes (including attorneys’ fees and disbursements and Trustee’s fees and disbursements) incurred in obtaining such gross proceeds.

“Non-Recourse Indebtedness” means any Indebtedness secured by a Lien on any real property, fixtures or tangible property or the rents, issues and profits therefrom, which Indebtedness is not a general obligation of the University, and the liability for which Indebtedness is effectively limited to the property subject to such Lien with no recourse, directly or indirectly, to any other property of the University.

“Office of the Trustee” means the corporate trust office of the Trustee located at One M&T Plaza, 7<sup>th</sup> Floor, Buffalo, New York 14203, Attn: Corporate Trust Department.

“Official Statement” means the Official Statement of the Issuer dated April 12, 2017 with respect to the offering and sale of the Series 2017 Bonds.

“Ordinary Services” and “Ordinary Expenses” means those services normally rendered and those reasonable, out-of-pocket expenses normally incurred by a trustee or paying agent under instruments similar to the Indenture, including reasonable fees and disbursements of counsel to the Trustee.

“Opinion of Counsel” shall mean a written opinion of counsel who may (except as otherwise expressly provided in the Loan Agreement or any other Financing Document) be counsel for the University or the Issuer and who shall be acceptable to the Trustee.

“Outstanding” or “Bonds Outstanding” or “Outstanding Bonds” means, when used with reference to a Bond or Bonds, as of any particular date, all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which there has been separately set aside and held in the Bond Fund either:

(A) moneys and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article IV of the Indenture, provided, however, that, in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, such Bonds including Series 2017 Bonds owned by the University or any affiliate of the University shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith to a Person may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the University or any affiliate of the University.

"Parity Obligations" means Long-Term Indebtedness or Short-Term Indebtedness of the University incurred in accordance with the Pledge and Security Agreement including obligations of the University to one or more commercial banks or financial institutions obligated to contribute to making loans, purchasing bonds or otherwise making funds available as security for the payment of the principal and interest when due on Long-Term Indebtedness or Short-Term Indebtedness of the University incurred in accordance with the Pledge and Security Agreement.

"Participant" means any of those brokers, dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository.

"Paying Agent" means the Trustee, acting as such, and any additional paying agent for the Bonds appointed pursuant to Article IX of the Indenture, their respective successors and any other corporation which may at any time be substituted in their respective places pursuant to the Indenture.

“Permitted Encumbrances” means:

- (i) the Pledge and Assignment, the Pledge and Security Agreement, the Indenture and any other Financing Document;
- (ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not in default;
- (iii) utility, access and other easements and rights-of-way restrictions and exceptions that an Authorized Representative of the University certifies to the Issuer and the Trustee will not interfere with or impair the University’s use of the Project Facility as provided in the Loan Agreement;
- (iv) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Project Facility and as do not, either singly or in the aggregate, materially impair the property affected thereby for the purpose for which it is owned by the University;
- (v) any mechanic’s, workmen’s, repairmen’s, materialmen’s, contractors’, warehousemen’s, carriers’, suppliers’ or vendors’ lien or right in respect thereof if payment is not yet due and payable, or are insured over, or which are not delinquent, or the amount or validity of which, are being contested and execution thereon is stayed or has been due for less than 90 days;
- (vi) any mortgage, lien, security interest or other encumbrance which exists in favor of the Trustee;
- (vii) such other liens and exceptions to title that do not materially impair the value of the Project Facility as approved in writing by the Trustee;
- (viii) deposits, endorsements, guaranties, and other encumbrances incurred in the ordinary course of business and which do not secure Indebtedness;
- (ix) liens granted on a parity or subordinate basis with the Liens granted to the Trustee as security for the Bonds to secure indebtedness incurred or permitted pursuant to the Loan Agreement;
- (x) Liens to secure Indebtedness permitted to be incurred pursuant to the Loan Agreement;
- (xi) any Lien permitted under the Pledge and Security Agreement;
- (xii) Liens to secure Parity Obligations; and
- (xiii) those Liens on the Project Facility in existence as of the date of the Indenture.

“Person” means an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision or branch thereof.

“Pledge and Assignment” means the Pledge and Assignment dated as of April 1, 2017 by and between the Issuer and the Trustee, pursuant to which the Issuer assigns to the Trustee substantially all of its rights under the Loan Agreement (except the Unassigned Rights).

“Pledge and Security Agreement” means the Pledge and Security Agreement dated as of April 1, 2017 by and between the University and the Trustee.

“Pledged Revenues” means all receipts, revenues, income and other money received by the University from any source and all rights to receive the same (including, without limitation, operating revenues and non-operating revenues determined in accordance with generally accepted accounting principles), whether in the form of accounts receivable, contract rights, chattel paper, instruments or other rights, and the proceeds thereof, and any insurance thereon, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the University; provided, however, that there shall be excluded from Pledged Revenues gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated at the time of making thereof by the donor or maker as being for certain specific purposes, and the income derived therefrom.

“Preliminary Official Statement” means the Preliminary Official Statement of the Issuer dated April 5, 2017 with respect to the offering and sale of the 2017 Bonds.

“Prior Bonds” means, collectively, the Series 2003 Bonds and the Series 2007 Bonds.

“Prior Project Facility” shall have the meaning assigned to such term in the WHEREAS paragraphs of the Indenture.

“Project Facility” means, collectively, the Current Project Facility and the Prior Project Facility.

“Project Fund” means the fund established pursuant to the Indenture.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Property, Plant and Equipment” shall mean all property of the University that is considered net property, plant and equipment under generally accepted accounting principles.

“Rating Agency” means any nationally recognized securities rating agency.

“Rebate Amount” means with respect to the Bonds, the amount computed as described in the Tax Compliance Agreement.

“Rebate Fund” means the fund established pursuant to the Indenture.

“Record Date” means the Regular Record Date or the Special Record Date, as the case may be.

“Redemption Date” means, (i) in the case of a mandatory sinking fund redemption, the date set forth the Indenture, and (ii) in the case of an extraordinary redemption pursuant to the Indenture or an optional redemption pursuant to the Indenture, the date set forth in any redemption notice from the Issuer or the University, on behalf of the Issuer, pursuant to the Indenture as the date as of which a redemption shall be effective.

“Redemption Price” means, when used with respect to a Bond, the principal amount thereof plus the applicable redemption premium, if any, payable thereon, plus accrued interest to the Redemption Date.

“Refunding Fund” means the fund established pursuant to the Indenture.

“Regular Record Date” means, with respect to any Bond Payment Date, the fifteenth (15<sup>th</sup>) day of the calendar month (whether or not a Business Day) next preceding such Bond Payment Date.

“Renewal Fund” means the fund established pursuant to the Indenture.

“Request for Disbursement” means a request for disbursement by the University to the Trustee substantially in the form of Exhibit B attached to the Indenture.

“SEQR Act” means the State Environmental Quality Review Act, as amended and the regulations thereunder.

“Series 2003 Bonds” means the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 2003 issued on April 1, 2003 in the aggregate principal amount of \$6,130,000.

“Series 2003 Bonds Subaccount” means the special account within the Refunding Fund established pursuant to the Indenture.

“Series 2003 Letter of Instructions” means the letter of instructions dated the Closing Date by and among the Issuer, the University and Manufacturers and Traders Trust Company, as trustee for the Series 2003 Bonds, providing the terms and conditions for redeeming the Series 2003 Bonds.

“Series 2007 Bonds” means the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 2007 issued on March 14, 2007 in the aggregate principal amount of \$25,320,000.

“Series 2007 Bonds Subaccount” means the special account within the Refunding Fund established pursuant to the Indenture.

“Series 2007 Letter of Instructions” means the letter of instructions dated the Closing Date by and among the Issuer, the University and Manufacturers and Traders Trust Company, as trustee for the Series 2007 Bonds, providing the terms and conditions for redeeming the Series 2007 Bonds.

“Series 2017 Bonds” means the Issuer’s \$30,275,000 original principal amount Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2017.

“Short-Term Indebtedness” means any Indebtedness that is not Long-Term Indebtedness.

“Special Record Date” means a date for the payment of interest on the Bonds after an Event of Default has occurred fixed by the Trustee pursuant to the Indenture.

“State” means the State of New York.

“Subordinated Indebtedness” means any Indebtedness incurred or assumed by the University, the payment of which is by its terms specifically subordinated to payments on the Bonds, or the principal of and interest on which would not be paid (whether by the terms of such obligation or agreement of the obligee) when the Bonds are in default or while bankruptcy, insolvency, receivership or other similar proceedings are instituted and implemented by or against the University.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture, which may be executed by the Issuer and the Trustee in accordance with Article X of the Indenture.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated the Closing Date by and between the Issuer and the University, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof and the Indenture.

“Tax-Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code, and which is not a “private foundation” within the meaning of Section 509(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“Testing Date” means the last day of the University’s Fiscal Year.

“Total Operating Revenues” means the gross operating revenues of the University less applicable deductions from operating revenues as determined in accordance with generally accepted accounting principles consistently applied.

“Trustee” means Manufacturers and Traders Trust Company, a banking corporation organized and existing under the laws of the State of New York, as Trustee under the Indenture, and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as such hereunder.



“Trust Estate” means all Property which may from time to time become subject to the Lien of the Indenture.

“Unassigned Rights”, “Reserved Rights” or “Issuer’s Reserved Rights”, shall mean collectively:

(i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Loan Agreement;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;

(iii) the right of the Issuer to enforce, in its own behalf, the obligation of the University to complete the Project;

(iv) the right of the Issuer, in its own behalf (or on behalf of the appropriate taxing authorities), to enforce, receive amounts payable under or otherwise exercise its rights under Sections 1.5, 2.1, 2.2, 3.1, 3.3, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 5.1, 6.1, 6.2, 6.3, 6.5, 6.6, 6.7, 6.9, 6.10, 6.11, 6.12, 6.13, 6.14, 6.18, 6.19, 7.2, 7.7, 8.1, 8.2, 8.4, 9.3, 9.10, 9.13, 9.17, 9.18 and 9.19 of the Loan Agreement; and

(v) the right of the Issuer, in its own behalf, to declare an Event of Default under the Loan Agreement with respect to any of the Issuer’s Reserved Rights.

“Underwriter” means George K. Baum & Company or its successors or assigns.

“University” means Clarkson University, a not-for-profit education corporation and organization described in Section 501(c)(3) of the Code, organized and existing under the laws of the State of New York, with an office located at 8 Clarkson Avenue, Potsdam, New York 13699 and its successors and assigns.

“University Documents” means the Loan Agreement, the Tax Compliance Agreement, the Pledge and Security Agreement, the Continuing Disclosure Agreement, the Preliminary Official Statement and the Official Statement.

[END OF APPENDIX C]

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## **APPENDIX D**

### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

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## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

*The following description of certain provisions of the Indenture is only a brief outline of some of the provisions thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Indenture for details of the provisions thereof.*

All terms not otherwise defined below shall have the meaning given to such terms in Appendix C attached to the Official Statement.

#### **Delivery of Bonds** (Section 2.07)

Upon the execution and delivery of the Indenture, the Issuer shall execute and deliver the Series 2017 Bonds to the Trustee and the Trustee shall authenticate the Series 2017 Bonds and deliver them upon receipt of the Bond Proceeds in accordance with the directions of the Issuer and the provisions of the Indenture.

#### **Additional Bonds** (Section 2.13)

(a) The Issuer may issue Additional Bonds under the Indenture from time to time on a pari passu basis with the Series 2017 Bonds issued under the Indenture for any of the purposes listed below:

- (1) To pay the cost of completing the Project Facility or to reimburse expenditures of the University for any such costs;
- (2) To pay the cost of Capital Additions or to reimburse expenditures of the University for any such cost;
- (3) To pay the cost of refunding through redemption of any Outstanding Bonds issued under the Indenture and subject to such redemption; or
- (4) To pay the cost of any additional project approved by the Issuer.

(b) In any such event the Trustee shall, at the written request of the Issuer, authenticate the Additional Bonds and deliver them as specified in the request, but only upon receipt of:

- (1) (A) a Supplemental Indenture setting forth the terms of the Additional Bonds and, for Additional Bonds described in subsection (a)(2) or (4) above, describing the Capital Additions to become part of the Project Facility; and (B) a supplement to the Loan Agreement providing for additional Debt Service Payments to be made by the University sufficient to cover the debt service due on the Additional Bonds.

(2) For Additional Bonds described in subsection (a)(1), (a)(2) or (a)(4) above, (A) a certificate signed by the chief executive and chief financial officer of the University stating that the proceeds of the Additional Bonds plus other amounts, if any, available to the University for the purpose will be sufficient to pay the cost thereof; and (B) payments and additional payments, if any, scheduled to be paid by the University under the Loan Agreement will be adequate to satisfy all of the Debt Service Payments required to be made on the Bonds to remain Outstanding during the remaining life thereof; provided, however, such Additional Bonds shall not be issued to cure any deficiencies existing on the date of such certification in any funds required to be maintained under the Indenture;

(3) For Additional Bonds described in subsection (a)(1) above, a certificate of the University stating (A) the estimated cost of completion of the Project Facility or the addition thereto and (B) that all approvals required for completion of the Project Facility or addition thereto have been obtained, other than building permits for any portions of the Project Facility or such addition thereto which, based on consultations with the University and contractor or other construction manager, will be obtained in due course so as not to interrupt or delay construction of the Project Facility or such addition thereto and other than licenses or permits required for occupancy or operation of the Project Facility or such addition thereto upon its completion;

(4) for Additional Bonds described in subsection (a)(3) above, (A) a certificate of an Authorized Representative of the University that notice of redemption of the Bonds to be refunded has been given or that provisions have been made therefor, and (B) a certificate of an Accountant stating that the proceeds of the Additional Bonds plus the other amounts, if any, stated to be available for the purpose, will be sufficient to accomplish the purpose of the refunding and to pay the cost of refunding, which shall be itemized in reasonable detail;

(5) for any Additional Bonds, a certified resolution of the Issuer (A) stating the purpose of the issue, (B) establishing the series of Additional Bonds to be issued and providing the terms and form of Additional Bonds thereof and directing the payments to be made into the funds established under the Indenture, (C) authorizing the execution and delivery of the Additional Bonds to be issued and (D) authorizing redemption of any previously issued Bonds which are to be refunded;

(6) for any Additional Bonds, a certificate of an Authorized Representative of the University stating (A) that no Event of Default under the Indenture or under the Loan Agreement has occurred and is continuing and (B) that the proceeds of the Additional Bonds plus other amounts, if any, stated to be available for that purpose will be sufficient to pay the costs for which the Additional Bonds are being issued, which shall be itemized in reasonable detail;

(7) for any Additional Bonds, a certified resolution of the Board of Trustees of the University or Executive Committee thereof (A) approving the issuance of the Additional Bonds and the terms thereof, (B) authorizing the execution of any required

amendments or supplements to the Indenture and the Loan Agreement, and (C) for Additional Bonds described in subsection (a)(3) above, authorizing redemption of the Bonds to be refunded;

(8) for any Additional Bonds, an opinion or opinions of Bond Counsel to the effect that (A) the purpose of the Additional Bonds is one for which Additional Bonds may be issued under Indenture, (B) all conditions prescribed in the Indenture as precedent to the issuance of the Additional Bonds have been fulfilled, (C) the Additional Bonds have been validly authorized and executed and when authenticated and delivered pursuant to the request of the Issuer will be valid, legally binding, special obligations of the Issuer, and are entitled to the benefit and security of the Indenture, (D) all consents of any regulatory bodies required as a condition to the valid issuance of the Additional Bonds have been obtained and (E) issuance of such Additional Bonds will not adversely affect the tax status of Outstanding Bonds;

(9) for any Additional Bonds, evidence of compliance by the University with the provisions of the Loan Agreement with respect to the incurrence of additional Indebtedness, as applicable; and

(10) for Additional Bonds described in Subsection (a)(1), (a)(2) or (a)(4) above, an opinion of Independent Counsel to the University reasonably acceptable to the Issuer.

#### **Establishment of Funds and Accounts; Application of Series 2017 Bond Proceeds and Allocation Thereof** *(Sections 4.01 and 4.02)*

In connection with the Bonds, the Indenture requires the establishment of the following trust funds and accounts with the Trustee: (i) the Bond Fund, (ii) the Project Fund, (iii) the Renewal Fund, (iv) the Earnings Fund, (v) the Rebate Fund, in which there are two accounts: the Principal Account and the Earnings Account and (vi) the Refunding Fund, in which there are two accounts: the Series 2003 Bonds Subaccount and the Series 2007 Bonds Subaccount. Upon the receipt of the proceeds of the Bonds, the Trustee shall deposit/wire such proceeds (a) in the Bond Fund all accrued interest, if any, and premium, if any, paid by the purchaser of the Series 2017 Bonds, (b) in the Refunding Fund to defease the Prior Bonds and (c) in the Project Fund the balance of the proceeds received from the sale of the Series 2017 Bonds.

#### **Use of Moneys in the Project Fund** *(Section 4.04)*

Moneys in the Project Fund shall be applied and expended by the Trustee in accordance with the provisions of the Loan Agreement. The Trustee is authorized and directed to issue its checks or make wire transfers for each disbursement from the Project Fund upon being furnished certain documents required by the Indenture. If an Event of Default shall occur under the Indenture and the Outstanding principal amount of the Bonds shall be declared due and payable, the entire balance remaining in the Project Fund, after making any required transfer to the Rebate Fund, shall be transferred to the Bond Fund.

### **Payments into the Bond Fund; Use of Moneys in the Bond Fund** *(Sections 4.05 and 4.06)*

The Trustee shall deposit into the Bond Fund: (i) the accrued interest and premium, if any, on the Bonds as provided in the Indenture, (ii) any and all debt service payments received by the Trustee under the Loan Agreement, (iii) the balance of the Project Fund, the Renewal Fund, the Earnings Fund and the Rebate Fund to the extent specified in the Indenture, (iv) the amount of net income or gain received from investment of moneys in the Bond Fund and (v) all other moneys received by the Trustee pursuant to any of the provisions of the Loan Agreement or the Indenture which, by the terms of the Loan Agreement and the Indenture are required to be or which are accompanied by directions that such moneys are to be paid into the Bond Fund.

So long as there remain any Bonds Outstanding, moneys in the Bond Fund shall be used solely for the payment, when due, of the Debt Service Payments on the Bonds or for the redemption of the Bonds as provided in the Indenture.

### **Payments into Renewal Fund; Application of Renewal Fund** *(Section 4.07)*

The Net Proceeds resulting from any casualty insurance proceeds or Condemnation award with respect to the Project Facility deposited or delivered to the Trustee pursuant to the Loan Agreement shall be deposited in the Renewal Fund. The amounts in the Renewal Fund shall be subject to a security interest, lien and charge in favor of the Trustee until disbursed as provided in the Indenture. The Trustee is authorized under the Indenture to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the University or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Project Facility upon written instructions from the University. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee, signed by an Authorized Representative of the University.

### **Payments into Earnings Fund; Application of Earnings Fund** *(Section 4.08)*

All investment income or earnings on amounts held in the Project Fund, the Earnings Fund or any other special fund held with respect to the Bonds under any of the Financing Documents (other than the Rebate Fund or the Bond Fund) shall be deposited upon receipt by the Trustee into the Earnings Fund. Within thirty (30) days after the end of each Bond Year, or such later date that the Trustee receives the written certificate required to be delivered by or on behalf of the University pursuant to the Indenture and the Tax Compliance Agreement, the Trustee shall withdraw from the Earnings Fund an amount equal to the difference, if any, between the Rebate Amount set forth in such certificate and the amount then on deposit in the Rebate Fund and shall transfer such amount to the Rebate Fund. Any amounts remaining in the Earnings Fund following such transfer shall be transferred to the funds, as specifically directed by the University, which were the sources of the earnings deposited into the Earnings Fund. If an Event of Default under the Indenture shall have occurred and the outstanding principal amount of the Bonds shall have been declared due and payable, the entire balance remaining in the Earnings Fund, after making the transfer to the Rebate Fund required under the Tax Compliance Agreement and the Indenture, shall be transferred to the Bond Fund and applied to redeem Bonds in accordance with the Indenture.



### **Payments into Rebate Fund; Application of Rebate Fund** *(Section 4.09)*

The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, Lien or charge in favor of the Trustee, the Owner of any Bond or any other Person.

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Representative of the University, in accordance with the Tax Compliance Agreement, shall deposit in the Rebate Fund Principal Account within thirty (30) days after the end of each Bond Year, or such later date that the Trustee receives such certification from the University, an amount such that the amount held in the Rebate Fund Principal Account after such deposit is equal to the Rebate Amount calculated as of the last day of the prior Bond Year. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project Facility pursuant to the Tax Compliance Agreement at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund Principal Account within thirty (30) days of the Completion Date, or such later date that the Trustee receives such certification from the University, an amount such that the amount held in the Rebate Fund Principal Account after such deposit is equal to the Rebate Amount calculated at the Completion Date. The amounts deposited in the Rebate Fund Principal Account pursuant to the Indenture shall be withdrawn from the Earnings Fund, to the extent of any moneys therein, and then, to the extent of any deficiency, from such fund or funds as are designated by the University to the Issuer and the Trustee in writing.

In the event that on the first day of any Bond Year the amount on deposit in the Rebate Fund Principal Account exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the University, shall withdraw such excess amount and prior to the Completion Date, deposit it in the Project Fund or, after the Completion Date, deposit it in the Bond Fund.

The Trustee, upon the receipt of written instructions from an Authorized Representative of the University, shall pay to the United States, out of amounts in the Rebate Fund, (i) not later than thirty (30) days after the last day of the fifth Bond Year and after every fifth Bond Year thereafter, an amount equal to ninety percent (90%) of the balance, if any, in the Rebate Fund Principal Account and the total amount on the Rebate Fund Earnings Account as of the date of such payment and (ii) in accordance with the Indenture, not later than thirty (30) days after the date on which all Bonds have been paid in full, the balance in the Rebate Fund.

### **Payments into Refunding Fund** *(Section 4.10)*

Proceeds of the Series 2017 Bonds shall be deposited into the various subaccounts of the Refunding Fund pursuant to the Indenture. Moneys deposited in the Refunding Fund in order to defease the Prior Bonds shall be disbursed in accordance with the Letters of Instructions.

### **Investment of Moneys** *(Section 4.11)*

Moneys held in any fund established by the Indenture (other than the Bond Fund) shall be invested and reinvested by the Trustee in Authorized Investments, pursuant to direction by the Authorized Representative of the University. Moneys held in the Bond Fund shall be invested and reinvested, pursuant to direction by the Authorized Representative of the University, only in Governmental Obligations maturing as needed.

### **Payment to University Upon Payment of the Bonds** *(Section 4.12)*

Except as otherwise specifically provided in the Indenture, after payment in full of (1) the principal of, premium, if any, and interest on all the Bonds (or after provision for the payment thereof has been made in accordance with the Indenture), (2) the fees, charges and expenses of the Trustee and Paying Agent and (3) all other amounts required to be paid under the Indenture and the Loan Agreement, and provided that all moneys required to be paid into the Rebate Fund have been paid or adequately provided for, all amounts remaining in any fund established pursuant to the Indenture (except the Rebate Fund) or otherwise held by the Trustee and by any additional Paying Agent for the account of the Issuer or the University under the Indenture or the Loan Agreement shall be paid to the University.

### **Payments Due on Other Than Business Days** *(Section 5.13)*

In any case where a Bond Payment Date shall not be a Business Day, then payment of the principal of, premium, if any, and interest on the Bonds need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date due and no interest shall accrue for the period after such date.

### **Priority Rights of Trustee** *(Section 6.01)*

The rights and privileges of the University set forth in the Loan Agreement are specifically made subject and subordinate to the rights and privileges of the Trustee under the Financing Documents and the Holders of the Bonds.

### **Defeasance of Bonds** *(Section 7.02)*

Any Outstanding Bond shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of, and with the effect expressed in, the Indenture if: (i) there shall have been irrevocably deposited with the Trustee sufficient Defeasance Obligations, in accordance with the Indenture, which will, without further investment, be sufficient, together with other amounts held for such payment, to pay the principal of the Bonds when due or to redeem the Bonds at the Redemption Price, if any, in accordance with the Indenture or, in the case of Additional Bonds, in the Supplemental Indenture executed in connection therewith, (ii) in the event such Bonds are to be redeemed prior to maturity in accordance with the Indenture, all action required by the provisions of the Indenture to redeem the Bonds shall have been taken or provided for to the satisfaction of the Trustee, and notice thereof in accordance with the Indenture or, in the case of Additional Bonds, in accordance with the Supplemental Indenture executed in connection therewith, shall have been duly given or provisions satisfactory to the

Trustee shall have been made for the giving of such notice, (iii) provision shall have been made for the payment of all fees and expenses of the Trustee and of any additional Paying Agents with respect to the Bonds, (iv) the Issuer shall have been reimbursed for all of its expenses under the Financing Documents and (v) all other payments required to be made under the Loan Agreement and the Indenture with respect to the Bonds shall have been made or provided for. At such time as a Bond shall be deemed to be paid under the Indenture, as aforesaid, such Bond shall no longer be secured by or entitled to the benefit of the Indenture, except for the purposes of any such payment from such moneys or Defeasance Obligations.

For the purpose of the paragraph above, the Trustee shall be deemed to hold sufficient moneys to pay the principal of an Outstanding Bond not then due or to redeem Outstanding Bonds prior to the maturity thereof only if there shall be on deposit with the Trustee for such purpose Defeasance Obligations maturing or redeemable at the option of the holder thereof not later than (i) the maturity date of such Bonds, or (ii) the first date following the date on which such Bonds are to be redeemed pursuant to the Indenture (whichever may first occur), or both cash and such Defeasance Obligations, in an amount which, together with income to be earned on such Defeasance Obligations (without reinvestment) prior to such maturity date or Redemption Date, equals the principal due on such Bond, together with the premium, if any, due thereon and all interest thereon which has accrued and which will accrue to such maturity date or Redemption Date. The Trustee may, at the expense of the University, obtain a certificate from an Accountant as to whether the cash or Defeasance Obligations held by the Trustee meet the requirements of this subsection (b).

Upon the defeasance of all Outstanding Bond in accordance with the Indenture, the Trustee shall hold in trust, for the benefit of the Holders of such Bonds, all such moneys and/or Defeasance Obligations and shall make no other or different investment of such moneys and/or Defeasance Obligations and shall apply the proceeds thereof and the income therefrom only to the payment of such Bonds.

#### **Events of Default** (*Section 8.01*)

The following shall be “Events of Default” under the Indenture, and the terms “Event of Default” or “Default” shall mean, when they are used in the Indenture, any one or more of the following events:

(a) A default in the due and punctual payment of the interest on any Bond, irrespective of notice;

(b) A default in the due and punctual payment of the principal or Redemption Price of any Bond, whether at the stated maturity thereof, upon proceedings for redemption thereof, or upon the maturity thereof by declaration or otherwise;

(c) (i) Subject to clause (ii) below, the failure by the Issuer to observe and perform any covenant, condition or agreement under the Indenture on its part to be observed or performed (except obligations referred to in (a) and (b) above) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Issuer and the

University by the Trustee or by the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of Outstanding Bonds;

(ii) If the covenant, condition, or agreement which the Issuer has failed to observe or perform is of such a nature that it cannot reasonably be fully cured within such thirty (30) days, the Issuer shall not be in default if the Issuer commences a cure within such thirty (30) days and thereafter diligently proceeds with all action required to complete the cure, and, in any event, completes such cure within sixty (60) days of such written notice from the Trustee or the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds Outstanding, unless the Trustee or the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of the Outstanding Bonds shall give their written consent to a longer period;

(d) The occurrence and continuance of an “Event of Default” under the Loan Agreement; or

(e) The occurrence and continuance of an “Event of Default” under the Pledge and Security Agreement.

#### **Acceleration** (*Section 8.02*)

Upon the occurrence and continuance of an Event of Default under the Indenture, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) of the aggregate principal amount of the Outstanding Bonds shall, by written notice delivered to the Issuer and the University declare all Outstanding Bonds immediately due and payable, and such Bonds shall become immediately due and payable, anything in the Bonds or in the Indenture to the contrary notwithstanding.

#### **Enforcement of Remedies** (*Section 8.03*)

In the event the Bonds are declared immediately due and payable, the Trustee may, and upon the written request of the Holders as set forth in the Indenture shall, proceed forthwith to protect and enforce its rights and the rights of the Holders under the Act, the Bonds, the Indenture and the Loan Agreement by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem necessary or expedient. Upon the occurrence and continuance of any Event of Default, and upon being provided with the security and indemnity if so required pursuant to the Indenture, the Trustee shall exercise such of the rights and powers vested in the Trustee by the Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs.

The Trustee may sue for, enforce payment of and receive any amounts due or becoming due from the Issuer or the University for the payment of the principal, premium, if any, and interest on the Outstanding Bonds under any of the provisions of the Indenture, the Bonds or the Loan Agreement without prejudice to any other right or remedy of the Trustee or of the Holders.

Notwithstanding anything to the contrary contained in the foregoing paragraph, upon the occurrence and continuance of any Event of Default the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, on and interest on the Bonds then Outstanding and to enforce and compel the performance of the duties and obligations of the Issuer and the University under the Financing Documents. In addition, the Trustee may, without notice to the Issuer or the University, exercise any and all remedies afforded the Issuer under Article VII of the Loan Agreement in its name or the name of the Issuer without the necessity of joining the Issuer.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than fifty-one percent (51%) in the aggregate principal amount of the Outstanding Bonds may, and if provided with the security and indemnity required under the Indenture shall, institute and maintain such suits and proceedings as it may be advised by such Holders shall be necessary or expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture or of any resolution authorizing the Bonds, or to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders not making such request.

#### **Application of Moneys** *(Section 8.04)*

The Net Proceeds received by the Trustee pursuant to any right given or action taken under the provisions of and in accordance with the Indenture shall be deposited in the Bond Fund.

All moneys in the Bond Fund following the occurrence of an Event of Default shall be applied to the payment of the reasonable fees and expenses of the Issuer and the Trustee and then:

(i) Unless the principal of all the Bonds shall have become due or shall have been declared due and payable,

FIRST - To the payment of all installments of the interest then due, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or preference.

SECOND - To the payment of the unpaid principal or Redemption Price of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which such Bonds became due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably,

according to the amount of principal and interest due on such date, to the Persons entitled thereto without any discrimination or preference.

THIRD - To the payment of the principal or Redemption Price of and interest on the Bonds as the same become due and payable.

(ii) If the principal of all the Bonds shall have become due by declaration or otherwise, to the payment of the principal and interest (at the rate or rates expressed thereon) then due and unpaid upon all of the Bonds, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest, to the Persons entitled thereto without discrimination or preference.

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture then, subject to the provisions of the Indenture, in the event that the principal of all the Bonds shall later become due by declaration or otherwise, the moneys shall be applied in accordance with the provisions of the Indenture.

**Individual Bondholder Action Restricted** (*Section 8.08*)

No Holder of any Bond shall have any right to institute any suit, action, or proceeding in equity or law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless:

(i) an Event of Default has occurred of which the Trustee has been notified as provided in the Indenture or of which under the Indenture the Trustee is deemed to have notice;

(ii) the Holders of at least fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name;

(iii) such Holders shall have offered the Trustee indemnity as provided in the Indenture; and

(iv) the Trustee shall have failed or refused to exercise the powers granted under the Indenture or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity.

No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right thereafter except in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds Outstanding.

### **Supplemental Indentures Not Requiring Consent of Holders** *(Section 10.01)*

Without the consent of or notice to any of the Holders, the Issuer and the Trustee may enter into one or more Supplemental Indentures, not inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

- (i) In connection with the issuance of Additional Bonds, to set forth such matters as are specifically required or permitted under the Indenture;
- (ii) To cure any ambiguity or formal defect or omission in the Indenture;
- (iii) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;
- (iv) To add to the covenants and agreements of the Issuer in the Indenture, other covenants and agreements to be observed by the Issuer;
- (v) To more precisely identify the Trust Estate;
- (vi) To subject to the Lien of the Indenture additional revenue, receipts, Property or collateral;
- (vii) To evidence the appointment of a successor Trustee;
- (viii) To preserve the tax-exempt status of the Bonds;
- (ix) In connection with the issuance of Parity Obligations (as defined in the Pledge and Security Agreement) in accordance with the Pledge and Security Agreement; or
- (x) To effect any other change in the Indenture which, in the judgment of the Trustee based on an opinion of Independent Counsel, is not to the prejudice of the Trustee or materially adverse to the Holders.

### **Supplemental Indentures Requiring Consent of Holders** *(Section 10.02)*

Except as provided in the Indenture, the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such Supplemental Indentures as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture or in any Supplemental Indenture or in the Bonds; provided, however, that nothing contained in the Indenture shall permit: (i) a change in the terms of redemption or maturity of the principal or the time of payment of interest on any Outstanding Bond or a reduction in the principal amount of or premium, if any, on any Outstanding Bond or the rate of interest thereon, without the consent of the Holder of such Bond, or (ii) the creation of a Lien upon the Trust Estate ranking prior to or on a parity with the Lien created by the Indenture, without the consent of the Holder of all Outstanding Bonds, or (iii) the creation of a preference

or priority of any Bond or Bonds over any other Bond or Bonds, without the consent of the Holder of all Outstanding Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, without the consent of the Holder of all Outstanding Bonds.

If at any time the Issuer shall request the Trustee to enter into a Supplemental Indenture for any of the purposes as provided in the Indenture, the Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause notice to be given as set forth in the Indenture; provided, however, that the failure to give such notice or any defect therein shall not affect the validity of any proceeding taken pursuant to the Indenture.

If the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof, as provided by the Indenture, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein or in any manner to question the propriety of the execution thereof or enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

#### **Amendments to Loan Agreement** *(Section 11.01)*

Without the consent of or notice to the Holders, the Issuer and the University may enter into, and the Trustee may consent to, any amendment, change or modification of the Loan Agreement as may be required (i) by the provisions thereof or of the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission therein, (iii) for the purpose of issuing Additional Bonds under the Indenture; (iv) in connection with the description of the Project Facility, (v) in order to preserve the tax-exempt status of the Bonds, (vi) in connection with the issuance of Parity Obligations in accordance with the Pledge and Security Agreement or (vii) in connection with any other change therein, which, in the sole judgment of the Trustee based on an opinion of Independent Counsel, does not adversely affect the interests of the Trustee or the Holders.

Except for amendments, changes or modifications as provided in the Indenture, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement without notice thereof being given to the Holders in the manner provided in the Indenture and the written approval or consent of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds procured and given in the manner set forth in the Indenture; provided, however, that no such amendment shall be permitted which changes the terms of payment under the Indenture without the consent of the Holders of all Outstanding Bonds.

#### **Amendments to Pledge and Security Agreement** *(Section 11.02)*

Without the consent of or notice to the Holders, the Issuer and the University may enter into, and the Trustee may consent to, any amendment, change or modification of the Pledge and Security Agreement as may be required (i) by the provisions thereof or of the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission therein, (iii) for the purpose of



issuing Additional Bonds under the Indenture, (iv) in connection with the description of the Project Facility, (v) in order to preserve the tax-exempt status of the Bonds, (vi) in connection with the issuance of Parity Obligations in accordance with the Pledge and Security Agreement or (vii) in connection with any other change therein, which, in the sole judgment of the Trustee based on an opinion of Independent Counsel, does not adversely affect the interests of the Trustee or the Holders.

Except for amendments, changes or modifications as provided in the Indenture, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of the Pledge and Security Agreement without notice thereof being given to the Holders in the manner provided in the Indenture and the written approval or consent of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds procured and given in the manner set forth in the Indenture; provided, however, that no such amendment shall be permitted which changes the terms of payment thereunder without the consent of the Holders of all Outstanding Bonds.

#### **Amendments to Tax Compliance Agreement** *(Section 11.03)*

Without the consent of or notice to the Holders, the Issuer and the University may enter into, and the Trustee may consent to, any amendment, change or modification of the Tax Compliance Agreement as may be required (i) by the provisions thereof or of the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission therein, (iii) for the purpose of issuing Additional Bonds under the Indenture, (iv) in connection with the description of the Project Facility, (v) in order to preserve the tax-exempt status of the Bonds or (vi) in connection with any other change therein, which, in the sole judgment of the Trustee based on an opinion of Independent Counsel, does not adversely affect the interests of the Trustee or the Holders.

Except for amendments, changes or modifications as provided in the Indenture, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of the Tax Compliance Agreement without notice thereof being given to the Holders in the manner provided in the Indenture and the written approval or consent of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds procured and given in the manner set forth in the Indenture; provided, however, that no such amendment shall be permitted which changes the terms of payment thereunder without the consent of the Holders of all Outstanding Bonds.

#### **Intercreditor Agreement** *(Section 11.05)*

Pursuant to the terms of the Intercreditor Agreement, the Issuer's Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2011, the Issuer's Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2012A and the Issuer's Tax-Exempt Multi-Modal Revenue Bonds (Clarkson University Project), Series 2012B are secured on a pari passu basis with the lien on the Pledged Revenues granted by the Pledge and Security Agreement.

Without the consent of or notice to the Holders, the Trustee, with the consent of the University, may enter into any other intercreditor agreement with one or more creditors of the University, including credit facility providers and trustees on behalf of one or more creditors,

with respect to the Series 2017 Bonds and any Parity Obligations that are secured on a pari passu basis with the Lien on the Pledged Revenues granted by the Pledge and Security Agreement to provide for a sharing of the net proceeds of the Pledged Revenues from any recovery from the University after an Event of Default in accordance with the provisions of the Indenture.

[END OF EXHIBIT D]

**APPENDIX E**

**SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT  
AND PLEDGE AND ASSIGNMENT**

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## **APPENDIX E**

### **SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT AND THE PLEDGE AND ASSIGNMENT**

#### **SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT**

*The following description of certain provisions of the Loan Agreement is only a brief outline of some of the provisions thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Loan Agreement for details of the provisions thereof.*

All terms not otherwise defined below shall have the meaning given to such terms in Appendix C attached to the Official Statement.

#### **Completion by University (Section 2.2)**

The University unconditionally covenants and agrees under the Loan Agreement that it will complete the Current Project Facility, or cause the Current Project Facility to be completed, by the Completion Date, and that such completion will be effected in a workmanlike manner, using high-grade materials, free of defects in materials or workmanship (including latent defects), as applicable, and in accordance with the Loan Agreement and the Indenture. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Current Project Facility in full, the University shall pay that portion of such costs of the Current Project Facility as may be in excess of the moneys therefor in said Project Fund and shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the University be entitled to any diminution of the debt service payments payable or other payments to be made under the Loan Agreement.

#### **Issuance of Series 2017 Bonds (Section 3.1)**

On the issuance date of the Series 2017 Bonds, the Trustee shall deposit the proceeds of the Series 2017 Bonds in the Refunding Fund and the Project Fund (i) upon receipt of the Series 2017 Bonds and (ii) subject to the terms and conditions of the Indenture. Additional Bonds may be issued and purchased from time to time, as set forth in the Indenture on a pari passu basis with the Series 2017 Bonds. Each series of Additional Bonds shall be issued only for the purpose provided in the Supplemental Indenture executed in connection therewith.

The Issuer agrees to loan the proceeds of the Series 2017 Bonds to the University and the University agrees to pay to the Trustee the principal of and interest on the Series 2017 Bonds and all other amounts due hereunder in accordance with the terms of the Loan Agreement, the Indenture and the Series 2017 Bonds.

### **Payment Provisions; Pledge of Loan Agreement** *(Section 3.2)*

The University covenants to make debt service payments for and in respect of the Series 2017 Bonds pursuant to the Loan Agreement, which the Issuer agrees shall be paid by the University directly to the Trustee on each Bond Payment Date for deposit in the Bond Fund in an amount equal to the sum of (i) with respect to interest due and payable on the Series 2017 Bonds, an amount equal to the interest next becoming due and payable on the Series 2017 Bonds on the immediately succeeding Interest Payment Date (less any amount available in the Project Fund for transfer to the Bond Fund), (ii) the principal amount of the Bonds then Outstanding which will become due on the immediately succeeding Interest Payment Date (whether at maturity or by redemption or acceleration as provided in the Indenture), and (iii) the principal of and redemption premium, if any, including sinking fund installments, on the Bonds to be redeemed which will become due on the immediately succeeding redemption date together with accrued interest to the date of redemption.

In addition, the University shall pay, as an additional payment, within fifteen (15) days after receipt of an invoice setting forth the nature and payee of each such expense and demand for payment therefor, the expenses payable by the Issuer to the Trustee pursuant to and under the Indenture

### **Obligation of University Unconditional** *(Section 3.3)*

The obligation of the University to pay debt service payments and all other payments provided for in the Loan Agreement and to maintain the Project Facility in accordance with the Loan Agreement constitute a general obligation of the University and shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee or the Holder of any Series 2017 Bond and the obligation of the University shall arise whether or not the Project has been completed as provided in the Loan Agreement.

### **Maintenance, Alterations and Improvements** *(Section 4.1)*

During the term of the Loan Agreement, the University will keep the Project Facility in good and safe operating order and condition, ordinary wear and tear excepted, will occupy, use and operate the Project Facility in the manner for which it was designed and intended and contemplated by the Loan Agreement, and will make all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) reasonably necessary to ensure that the security for the Series 2017 Bonds shall not be materially impaired.

The University shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Project Facility or any part thereof, or the interest of the University in the Project Facility, or the Loan Agreement except for Permitted Encumbrances.

### **Taxes, Assessments and Charges** *(Section 4.3)*

The University shall pay, when the same shall become due, all taxes and assessments, general and specific, if any, levied and assessed upon or against the Project Facility, any estate or interest of the University in the Project Facility, or the payments under the Loan Agreement during the term of the Loan Agreement and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Project Facility.

### **Insurance** *(Section 4.4)*

The University shall maintain insurance (including one or more self-insurance programs considered to be adequate under the provisions of subsection (b) below or insurance through a captive insurance company) covering such risks and in such amounts as are customary in the case of corporations engaged in the same or similar activities and similarly situated and are adequate to protect it and its Property and operations. The University shall cause the Issuer and the Trustee to be named as additional insured parties (to the extent that their interests are insurable) under its liability insurance coverages. The insurance or self-insurance required to be maintained pursuant hereto shall be subject to review by an Insurance Consultant every other year, and the University agrees that it will follow any recommendations of the Insurance Consultant, except to the extent that the governing body of the University determines that such recommendations are unreasonable, the reasons for such determination to be set forth in a certificate of an Authorized Representative of the University delivered to the Trustee. In order to establish compliance with this Section, the University agrees that it will deliver or cause to be delivered to the Trustee as soon as practicable the report of the Insurance Consultant setting forth a description of the insurance or self-insurance maintained by the University pursuant to this Section and then in effect and stating whether, in the opinion of the Insurance Consultant, such insurance or self-insurance and the manner of providing such insurance or self-insurance and any reductions or eliminations of the amount of any insurance or self-insurance coverage (including amounts on deposit or to be deposited to self-insurance funds or trusts) for the two Fiscal Years covered by such report are reasonable and customary.

A self-insurance program shall not be considered adequate unless (i) it is in writing and has been adopted by the governing body of the University, (ii) an independent consulting actuary has stated in writing that the independent consulting actuary has reviewed the proposed program as established and as it is to operate for the ensuing twelve (12) month period and that the program is actuarially sound, and (iii) the program is reviewed no less than once every fifth year by an independent consulting actuary to determine what actions should be taken to maintain the actuarial soundness of the program.

### **Damage, Destruction and Condemnation** *(Section 5.1)*

If the Project Facility shall be wholly or partially destroyed or damaged by fire or other casualty covered by insurance required hereunder, or University's interest in or use of the Project Facility or any part thereof shall be taken under the exercise of the power of eminent domain by

any governmental body or by any person acting under governmental authority, either temporarily or permanently, the University will take all actions and will do all things which may be reasonably necessary to enable recovery to be made upon such policies of insurance or on account of such taking, condemnation, conveyance, damage or injury to the Project Facility in order that moneys due on account of losses suffered may be collected by the University.

Immediately after occurrence of loss or damage covered by insurance, or after notice of condemnation has been received with respect to the Project Facility, as the case may be, the University shall notify the Issuer and the Trustee in writing of such occurrence. The University shall promptly determine and advise the Issuer and the Trustee whether it is practicable and desirable to repair, reconstruct or replace such damaged, destroyed or condemned portion of the Project Facility. If the University determines that such repair, reconstruction or replacement is practicable and desirable, the University shall proceed promptly to repair, reconstruct or replace that portion of the Project Facility so damaged, destroyed or condemned to substantially the same condition as it existed prior to such damage, destruction or condemnation, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the University, using the proceeds of insurance received by the University or any other available funds of the University. If the University determines that such repair, reconstruction or replacement of the Project Facility is not so practicable or desirable, the University may, at its option, direct the Trustee and the Issuer in writing to call Bonds for extraordinary redemption in accordance with the terms of the Bonds and the Indenture in a principal amount not exceeding the amount of the insurance proceeds or condemnation award received by the University with respect to such damage, destruction or condemnation, or otherwise apply such insurance proceeds or condemnation award to such other purpose or purposes as the University may elect and as shall not, in the opinion of Bond Counsel, adversely affect the tax-exempt status of interest on any Bonds then Outstanding under the Indenture.

#### **Restrictions on University** *(Section 6.1)*

The University agrees that at all times during the term of the Loan Agreement it will (i) maintain its existence, (ii) continue to be a not-for-profit corporation and a Tax-Exempt Organization subject to service of process in the State and either organized under the laws of the State, or organized under the laws of any other state of the United States and duly qualified to do business in the State, (iii) not, unless otherwise permitted by the terms of the Loan Agreement, sell, transfer, pledge or otherwise encumber all or substantially all of the assets which constitute the Project Facility; and (iv) not, unless otherwise permitted by the terms of the Loan Agreement, liquidate, wind-up or dissolve or otherwise dispose of all or substantially all of its property, business or assets remaining after the execution and delivery of the Loan Agreement.

#### **Indemnity** *(Section 6.2)*

The University shall at all times protect and hold the Issuer, the Trustee, the Bond Registrar, the Paying Agent, and the Bondholders, and any of their respective directors, members, officers, employees, servants or agents (excluding for this purpose the University, which is not obligated by the Loan Agreement to indemnify its own employees or affiliate individuals) or any of such Persons and persons under the control or supervision of any of such Persons (collectively, the “Indemnified Parties”) harmless of, from and against any and all



claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses (collectively, "Claims") of any kind for losses, damage, injury and liability (collectively, "Liability") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing from the date the Issuer adopted the inducement resolution for the Project, and continuing throughout the term of the Loan Agreement and for the relevant statute of limitations thereafter for any Claim arising during such term (subject to the Loan Agreement), upon or about the Project Facility or resulting from, arising out of, or in any way connected with the events described in the Loan Agreement.

#### **Financial Statements; No-Default Certificates; Other Information** *(Section 6.5)*

The University shall promptly notify the Issuer and the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Financing Document of which it has knowledge. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the University and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the University shall state this fact on the notice. The University shall provide to the Trustee within 150 days after the end of each of the University's Fiscal Year its annual audited financial statements.

#### **Limitations on Incurrence of Additional Indebtedness** *(Section 6.19)*

The University agrees that it will not incur any additional Indebtedness other than additional Indebtedness consisting of one or more of the following:

(A) Long-Term Indebtedness, if:

(1) Prior to incurrence of the Long-Term Indebtedness, there is delivered to the Trustee a certificate of an Authorized Representative of the University certifying that the Debt Service Coverage Ratio for the Historic Test Period, taking into account the current aggregate Outstanding principal amount of all Long-Term Indebtedness, and the proposed additional Long-Term Indebtedness, as if it had been incurred at the beginning of such Historic Test Period (assuming for purposes of such calculation that the Annual Debt Service on the proposed Long-Term Indebtedness for the Historic Test Period was equal to the Maximum Annual Debt Service on the proposed Long-Term Indebtedness), is not less than 1.20 (provided that such certificate shall in all instances be based upon the most recent audited financial statements of the University); or

(2) Prior to incurrence of the Long-Term Indebtedness, there is delivered to the Trustee (1) a certificate of an Authorized Representative of the University certifying that the Debt Service Coverage Ratio for the Historic Test Period, not taking the proposed additional Long-Term Indebtedness into account, is not less than 1.20 and (2) an Independent Consultant's report (A) certifying that the projected Debt Service Coverage Ratio for each of the next two full Fiscal Years following the incurrence of such Long-Term Indebtedness or, in the case of the incurrence of such Long-Term Indebtedness for capital improvements, following the completion

of the facilities being financed, taking the proposed additional Long-Term Indebtedness into account, is not less than 1.10, and (B) indicating that sufficient revenues and cash flow would be generated to meet the projected operating expenses (including debt service on the proposed Indebtedness) of the University during such two full Fiscal Years; or

(3) Prior to incurrence of the Long-Term Indebtedness, there is delivered to the Trustee (1) a certificate of an Authorized Representative of the University certifying that the ratio of Income Available for Debt Service to Maximum Annual Debt Service for the Historic Test Period, not taking the proposed additional Long-Term Indebtedness into account, is not less than 1.25 and (2) a certificate of an Authorized Representative of the University (A) certifying that the projected ratio of Income Available for Debt Service to Maximum Annual Debt Service for each of the next two full Fiscal Years following the incurrence of such Long-Term Indebtedness or, in the case of the incurrence of such Long-Term Indebtedness for capital improvements, following the completion of the facilities being financed, taking the proposed additional Long-Term Indebtedness into account, is not less than 1.25, and (B) indicating that sufficient revenues and cash flow would be generated to meet the projected operating expenses (including debt service on the proposed Long-Term Indebtedness) of the University during such two full Fiscal Years; or

(4) Prior to incurrence of the Long-Term Indebtedness, there is delivered to the Trustee a certificate of an Authorized Representative of the University certifying that Maximum Annual Debt Service as a percentage of total unrestricted expenses shown in the University's most recent audited financial statements, taking the proposed additional Long-Term Indebtedness into account, does not exceed 10%.

(B) Completion Indebtedness, other than Additional Bonds, without limitation, provided there is delivered to the Trustee a certificate of an Authorized Representative of the University (i) specifying the estimated cost of completing the construction or equipping of the facilities to be completed and (ii) demonstrating that the proceeds of such Completion Indebtedness and other available moneys will be sufficient to finance the cost of completion.

(C) Long-Term Indebtedness incurred for the purpose of refunding or refinancing, including advance refunding or cross-over refunding, any Outstanding Long-Term Indebtedness.

(D) Short-Term Indebtedness, provided that immediately after the incurrence of such Short-Term Indebtedness the aggregate Outstanding principal amount of all such Short-Term Indebtedness does not exceed fifteen percent (15%) of the aggregate of Total Operating Revenues for the Historic Test Period; and provided, further, that for a period of at least twenty (20) days in each Fiscal Year the Outstanding principal amount of all such Short-Term Indebtedness shall not exceed five percent (5%) of the aggregate of Total Operating Revenues of the University for such Historic Test Period. Short-Term Indebtedness may also be incurred if such Short-Term Indebtedness could be incurred under the Loan Agreement assuming it were Long-Term Indebtedness.

(E) Non-Recourse Indebtedness or Subordinated Indebtedness, without limitation; provided that there is filed with the Trustee a certificate of an Authorized Representative of the University projecting that the provisions of the Loan Agreement will be complied with for the

then current and the next following Fiscal Year, taking into consideration projected revenues and the proposed Indebtedness.

(F) Indebtedness in the form of installment purchase contracts, capitalized leases, purchase money mortgages, loans, sales agreements or other typical borrowing instruments; provided that (i) the aggregate Annual Debt Service on the Indebtedness permitted under this clause shall not in any Fiscal Year exceed two percent (2%) of Total Operating Revenues for the Historic Test Period and (ii) such Indebtedness may exceed two percent (2%) of Total Operating Revenues for the Historic Test Period if it could have been incurred under subsection (A) of this Section assuming it were Long-Term Indebtedness.

#### **Negative Pledge** *(Section 6.21)*

(a) The University covenants that it shall not create or suffer to be created or exist upon any portion of the Project Facility, any Lien, other than Permitted Encumbrances.

(b) In connection with any additional Indebtedness permitted by the Loan Agreement, the University shall only grant a Lien on Property, Plant or Equipment that does not exceed ten percent (10%) of the current value of the Property, Plant and Equipment of the University as a whole.

#### **Events of Default** *(Section 7.1)*

Any one or more of the following events shall constitute an “Event of Default” under the Loan Agreement: (a) failure of the University to pay any debt service payment for and in respect of any Bonds that has become due and payable by the terms of the Loan Agreement which results in a default in the due and punctual payment of the principal of, redemption premium, if any, or interest on any Bond; (b) failure of the University to pay any amount (except as set forth in the Loan Agreement) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under the Loan Agreement, and continuance of such failure for a period of thirty (30) days after receipt by the University of written notice from the Issuer, the Trustee, or the Holders of more than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding, specifying the nature of such default; (c) failure of the University to observe and perform any covenant, condition or agreement under the Loan Agreement on its part to be performed (except as set forth in the Loan Agreement) and (1) continuance of such failure for a period of thirty (30) days after receipt by the University of written notice specifying the nature of such default from the Issuer, the Trustee, or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (2) if by reason of the nature of such default the same can be remedied, but not within the said thirty (30) days, and the University fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue, with reasonable diligence, its efforts to cure the same; (d) the University shall: (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the federal Bankruptcy Code (as now or in effect after the date of the Loan Agreement), (v) file a petition seeking to take advantage of any other law

relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) take any action for the purpose of effecting any of the foregoing, or (vii) be adjudicated a bankrupt or insolvent by any court; (e) a proceeding or case shall be commenced, without the application or consent of the University, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the University or of all or any substantial part of its assets, (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing against the University shall be entered and continue unstayed and in effect, for a period of ninety (90) days or (iv) the University shall fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under such Bankruptcy Code; the terms “dissolution” or “liquidation” of the University as used above shall not be construed to prohibit any action otherwise permitted by the Loan Agreement; (f) any representation or warranty made (i) by or on behalf of the University in the application, commitment letter and related materials submitted to the Issuer or the initial purchaser(s) of the Series 2017 Bonds for approval of the Project or its financing, or (ii) by the University in the Loan Agreement or in any of the other Financing Documents or (iii) in the Tax Compliance Agreement, or (iv) in any report, certificate, financial statement or other instrument furnished pursuant to the Loan Agreement or any of the foregoing shall prove to be false, misleading or incorrect in any material respect as of the date made; or (g) an “Event of Default” caused by the University under the Indenture or under any other Financing Document shall occur and be continuing.

### **Remedies on Default** (*Section 7.2*)

Whenever any Event of Default referred to in the Loan Agreement shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may take any one or more of the following remedial steps:

(a) the Trustee, as and to the extent provided in the Indenture, may cause all principal installments of debt service payments payable under the Loan Agreement for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; *provided, however*, that, upon the occurrence of an Event of Default under the Loan Agreement, all principal installments of debt service payments payable under the Loan Agreement for the remainder of the term of the Loan Agreement, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(b) the Issuer, with the prior written consent of the Trustee, may terminate the Loan Agreement. No such termination of the Loan Agreement shall relieve the University of its liability and obligations under the Loan Agreement and such liability and obligations shall survive any such termination;

(c) the Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the debt service payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the University under the Loan Agreement;

(d) the Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder; and

(e) the Issuer, without the consent of the Trustee or any Bondholder, may proceed to enforce its Reserved Rights by bringing an action for damages, injunction or specific performance and the University under the Loan Agreement appoints the Issuer its true and lawful agent and attorney-in-fact (which appointment shall be deemed to be an agency coupled with an interest) with full power of substitution to file on its behalf all affidavits, questionnaires and other documentation necessary to accomplish such conveyance.

In the event that the University fails to make any debt service or other payment required in the Loan Agreement, the installment so in default shall continue as an obligation of the University until the amount in default shall have been fully paid.

#### **Remedies Cumulative** (*Section 7.3*)

The rights and remedies of the Issuer or the Trustee under the Loan Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under the Loan Agreement.

#### **Options** (*Section 8.1*)

The University has the option to make advance debt service payments for the deposit in the Bond Fund to effect the retirement of the Bonds in whole or the redemption in whole or in part of the Bonds, all in accordance with the terms of the Indenture; *provided, however*, that, no partial redemption of the Bonds may be effected through advance debt service payments under the Loan Agreement if there shall exist and be continuing an Event of Default.

The University shall have the option to terminate the Loan Agreement on any date during the term of the Loan Agreement by causing the redemption, purchase or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

#### **Termination of Loan Agreement** (*Section 8.3*)

After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with the Indenture and the payment of the fees and expenses of the Issuer, the Trustee, the Bond Registrar, and the Paying Agent and all other amounts due and payable under the Loan Agreement or the Indenture, together with any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Compliance Agreement, the Loan Agreement shall terminate, subject, however, to the survival of the obligations of the University under the Loan Agreement.

### **Assignment** *(Section 9.3)*

The University may not at any time, except as otherwise permitted pursuant to the Loan Agreement, assign or transfer the Loan Agreement, without the prior written consent of the Issuer, and the Trustee (which consents shall not be unreasonably withheld); *provided, further*, that, (1) the University shall nevertheless remain liable to the Issuer for the payment of all debt service payments and for the full performance of all of the terms, covenants and conditions of the Loan Agreement and of any other Financing Document to which it shall be a party, (2) any assignee or transferee of the University in whole of the Project Facility shall have assumed in writing and have agreed to keep and perform all of the terms of the Loan Agreement on the part of the University to be kept and performed, shall be jointly and severally liable with the University for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State, (3) in the Opinion of Counsel addressed to the Issuer and Trustee, such assignment or transfer shall not legally impair in any respect the obligations of the University for the payment of all debt service payments nor for the full performance of all of the terms, covenants and conditions of the Loan Agreement or of any other Financing Document to which the University shall be a party, nor impair or limit in any respect the obligations of any obligor under any other Financing Document, (4) any assignee or transferee shall be a Tax-Exempt Organization or, if not a Tax-Exempt Organization, upon receipt of an opinion of Bond Counsel addressed to the Issuer and the Trustee as to the non-includability in gross income of interest on the Bonds for purposes of federal income taxation, and shall utilize the Project Facility in compliance with the Act, (5) such assignment or transfer shall not violate any provision of the Loan Agreement, the Indenture or any other Financing Document, (6) such assignment or transfer shall in no way diminish or impair the University's obligation to carry the insurance required under the Loan Agreement and the University shall furnish written evidence satisfactory to the Issuer and the Trustee that such insurance coverage shall in no manner be limited by reason of such assignment or transfer, (7) each such assignment or transfer contains such other provisions as the Issuer or the Trustee may reasonably require, and (8) in the opinion of nationally recognized bond counsel, such assignment or transfer shall not cause the interest on the Bonds to be includable on gross income for federal income taxes. The University shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such assignment or transfer in substantially final form at least thirty (30) days prior to the date of execution thereof.

### **Amendments** *(Section 9.6)*

The Loan Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture.

### **Inspection of Project Facility** *(Section 9.10)*

The University will permit the Trustee, or its duly authorized agents, at all reasonable times during normal business hours upon written notice to enter upon the Project Facility and to examine and inspect the Project Facility and exercise their rights under the Loan Agreement, under the Indenture and under the other Financing Documents with respect to the Project Facility.

## SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AND ASSIGNMENT

*The following description of the Pledge and Assignment is only a brief outline thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Pledge and Assignment for details of the provisions thereof.*

All terms not otherwise defined below shall have the meaning given to such terms in Appendix C attached to the Official Statement.

Pursuant to the Pledge and Assignment, the Issuer will grant to the Trustee a lien on and security interest in, and pledge, assign, transfer and set over to the Trustee all of the Issuer's right, title and interest in any and all moneys due or to become due to the Issuer and any and all other rights and remedies of the Issuer under or arising out of the Loan Agreement (except for Reserved Rights, as defined therein).

[END OF EXHIBIT E]

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## **APPENDIX F**

### **SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AND SECURITY AGREEMENT**

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## APPENDIX F

### SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AND SECURITY AGREEMENT

*The following description of certain provisions of the Pledge and Security Agreement is only a brief outline of some of the provisions thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Pledge and Security Agreement for details of the provisions thereof.*

All terms not otherwise defined below or in the Pledge and Security Agreement shall have the meaning given to such terms in Appendix C attached to the Official Statement.

#### **Representations and Warranties of the University** *(Section 2.1)*

The Pledge and Security Agreement is effective to create, in favor of the Trustee, legal, valid and enforceable liens on and security interests in the Pledged Revenues and all necessary and appropriate filings having been duly effected in all appropriate public offices so that the liens and security interests created by the Pledge and Security Agreement will constitute perfected liens on and security interests in the Pledged Revenues on a *pari passu* basis with the Parity Obligations.

#### **Pledge of the Pledged Revenues; Use Prior to Event of Default** *(Section 3.1)*

As security for the obligations of the University under the Loan Agreement and for the University's obligation with respect to the Series 2017 Bonds and any Additional Bonds issued under the Indenture, the University, pursuant to the Pledge and Security Agreement, pledges, assigns, hypothecates, transfers and delivers to the Trustee, and grants to the Trustee a security interest in, all right, title and interest, whether now owned or at any time acquired after the date of the Pledge and Security Agreement, of the University in and to the Pledged Revenues. So long as no Event of Default shall have occurred and be continuing, and except as otherwise provided in the Pledge and Security Agreement, nothing contained in the Pledge and Security Agreement shall be deemed to preclude the University from possessing, and consistent with its past practices, using and disposing of the Pledged Revenues in the ordinary course of its corporate purposes.

#### **Financing Statements** *(Section 3.4)*

The Trustee is authorized on behalf of the University and itself to complete one or more financing statements, including continuation statements with respect to any Pledged Revenues covered by the Pledge and Security Agreement and to file the same in any appropriate office or place to the extent permitted by law. The University agrees to deposit all of its Pledged Revenues, as and when received, into one or more deposit accounts and/or securities accounts with one or more banks or other financial institutions selected by the University (each, an "Account"). The University shall apply the monies comprising Pledged Revenues in the Accounts to the making of Debt Service Payments on the Series 2017 Bonds and any Additional Bonds as they become due and payable, and may withdraw monies from the Accounts for any

lawful purpose. The University shall provide to the Trustee a statement identifying the name and number of any fund or account established by the University with any banking, trust or other financial institution pursuant to the Pledge and Security Agreement and shall promptly notify the Trustee upon any change thereto.

**No Set-Off by the University** (*Section 3.6*)

No set-off, counterclaim, reduction or diminution of an obligation, or any defense of any kind or nature (other than full performance by the University of the obligations under the Pledge and Security Agreement) which the University has or may have against the Trustee or any other Person, shall be available under the Pledge and Security Agreement to the University with respect to a claim under the Pledge and Security Agreement. The University acknowledges that no oral or other agreements, understandings, representations or warranties exist with respect to the Pledge and Security Agreement or with respect to the obligations of the University under the Pledge and Security Agreement, except as specifically set forth in the Pledge and Security Agreement.

**Parity Obligations** (*Section 3.8*)

(A) The University may issue, incur or assume Long-Term Indebtedness secured by a Lien on Pledged Revenues, which in the event of any default and acceleration or claim on the Pledged Revenues is *pari passu* with the Lien on the Pledged Revenues granted by the Pledge and Security Agreement, provided (1) such Long-Term Indebtedness refunds or refinances all or a portion of the Series 2017 Bonds, (2) such Long-Term Indebtedness is incurred in connection with Additional Bonds, or (3) upon the incurrence of such Long-Term Indebtedness, the University provides to the Trustee a certificate of an Authorized Representative of the University evidencing compliance with the Loan Agreement.

(B) The University may issue, incur or assume Short-Term Indebtedness secured by a Lien on Pledged Revenues, which in the event of any default and acceleration or claim on the Pledged Revenues is *pari passu* with the Lien on the Pledged Revenues granted by the Pledge and Security Agreement, provided upon the incurrence of such Short-Term Indebtedness, the University provides to the Trustee a certificate of an Authorized Representative of the University evidencing compliance with the Loan Agreement.

(C) The University shall provide the Trustee with written notice of any Long-Term Indebtedness or Short-Term Indebtedness secured by a Lien on Pledged Revenues that is *pari passu* with the Lien on the Pledged Revenues granted by the Pledge and Security Agreement in accordance with paragraph (A) or (B) of this Section, together with any certificate required to be delivered to the Trustee in accordance with such paragraph (A) or (B).

(D) Pursuant to the terms of the Intercreditor Agreement, the Series 2011 Bonds and the Series 2012 Bonds are secured on a *pari passu* basis with the lien on the Pledged Revenues granted by the Pledge and Security Agreement.

(E) Notwithstanding anything herein to the contrary, the Pledge and Security Agreement is subject to the terms of any additional intercreditor agreement entered into by the

Trustee with one or more creditors with respect to the Series 2017 Bonds and any Parity Obligations that are secured on a pari passu basis with the lien on the Pledged Revenues granted by the Pledge and Security Agreement to provide for a sharing of the net proceeds of the Pledged Revenues from any recovery from the University after an Event of Default in accordance with the provisions of the Indenture.

#### **Events of Default Defined** (*Section 4.1*)

An “Event of Default” shall exist if any of the following occurs:

**COVENANTS FOR THE PAYMENT OF MONEY** - the University fails to perform or observe any covenant for the payment of money contained in the Pledge and Security Agreement within ten (10) days of demand, after written notice with respect thereto is given by the Trustee to the University;

**WARRANTIES OR REPRESENTATIONS** - any warranty, representation or other statement by or on behalf of the University contained in the Pledge and Security Agreement is false or misleading in any material respect when made;

**INVOLUNTARY BANKRUPTCY PROCEEDINGS** - a receiver, liquidator or trustee of the University or of any of its Property is appointed by court order, and such order remains in effect for more than sixty (60) days; or the University is adjudicated bankrupt or insolvent; or any of the Property of the University is sequestered by court order and such order remains in effect for more than sixty (60) days; or a petition is filed against the University under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or after the Pledge and Security Agreement is in effect, and is not dismissed within sixty (60) days after such filing;

**VOLUNTARY PETITIONS** - the University files a petition in voluntary bankruptcy or seeks relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or after the Pledge and Security Agreement is in effect, or consents to the filing of any petition against it under such law;

**ASSIGNMENTS FOR BENEFIT OF CREDITORS** - the University shall generally not pay its debts as such debts become due or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee or liquidator of all or any part of its Property; or

**DEFAULTS UNDER FINANCING DOCUMENTS**- the occurrence and continuation of an “Event of Default” under any of the other Financing Documents.

## **Remedies on Default** *(Section 4.2)*

If an Event of Default shall occur and be continuing, the Trustee, on behalf of the Bondholders, may exercise, in addition to all other rights and remedies granted to them in the Pledge and Security Agreement and the Indenture, and in any other instrument or agreement securing, evidencing or relating to the Series 2017 Bonds and any Additional Bonds, all rights and remedies of a secured party under the Commercial Code. Without limiting the generality of the foregoing, the Trustee without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to in the Pledge and Security Agreement) to or upon the University or any other Person (all and each of which demands, defenses, advertisements and notices are waived under the Pledge and Security Agreement), may in such circumstances forthwith, collect, receive, appropriate and realize upon the Pledged Revenues, or any part thereof. The Trustee shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Pledged Revenues or in any way relating to the Pledged Revenues or the rights of the Trustee under the Pledge and Security Agreement, respectively, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of amounts owed under the Series 2017 Bonds and any Additional Bonds, in such order as the Trustee may elect, and only after such application and after the payment by the Trustee of any other amount required by any provision of law, including, without limitation, Section 9-615 the Commercial Code, need the Trustee account for the surplus, if any, to the University. To the maximum extent permitted by applicable law, the University waives all claims, damages and demands it may acquire against the Trustee arising out of the exercise of any rights under the Pledge and Security Agreement. If any notice of a proposed sale or other disposition of Pledged Revenues shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. The University shall remain liable for any deficiency if the proceeds of any sale of the Pledged Revenues are insufficient to pay amounts owed with respect to the Series 2017 Bonds and any Additional Bonds and the reasonable fees and disbursements of any attorneys employed by the Trustee to collect such deficiency.

If an Event of Default shall have occurred and be continuing, the Trustee shall have the right (1) to notify or to require the University to notify Persons obligated on any instruments, accounts, or contracts which are part of the Pledged Revenues to make payment thereof directly to the Trustee, or as the Trustee shall direct, (2) to collect and enforce any such accounts and contracts, and (3) to compromise, settle or otherwise agree to waive, amend or modify the obligation of any account debtors or obligors under such accounts and contracts. Subject to the provisions of the Financing Documents, until such time as the Trustee elects to exercise such rights, the University, as the agent of the Trustee, shall collect and enforce all such contracts and accounts. The cost of such collection and enforcement, including attorneys' fees and expenses, shall be borne by the University, whether the same is incurred by the Trustee or the University.

If an Event of Default exists and continues, the Trustee may proceed to enforce the provisions of the Pledge and Security Agreement and to exercise any other rights, powers and remedies available to it. The Trustee, in its sole discretion, shall have the right to proceed first and directly against the University under the Pledge and Security Agreement without proceeding

against or exhausting any other remedies which it may have and without resorting to any other security held by the Issuer or the Trustee.

Each and every Event of Default under the Pledge and Security Agreement shall give rise to a separate cause of action under the Pledge and Security Agreement, and separate suits may be brought under the Pledge and Security Agreement by the Trustee as each cause of action arises.

The Trustee may pursue its rights and remedies under the Pledge and Security Agreement notwithstanding (1) any guaranty of or other security for the Series 2017 Bonds and any Additional Bonds, and (2) any action taken or omitted to be taken by the Trustee or any other Person to enforce any of the rights or remedies under such guaranty or with respect to any other security.

The foregoing rights and powers of the Trustee shall be in addition to, and not a limitation upon, any rights and powers of the Trustee given by law, by any other provisions of the Pledge and Security Agreement, by the other Financing Documents or otherwise.

#### **Proceeds** (*Section 4.3*)

If an Event of Default shall occur and be continuing, (A) all Pledged Revenues received by the University consisting of cash, checks and other near-cash items shall be paid to the Trustee for application in accordance with the terms of the Financing Documents and otherwise shall be held by the University in trust for the Trustee, segregated from other funds of the University, and shall, forthwith upon receipt by the University, be turned over to the Trustee in the exact form received by the University (duly endorsed by the University to the Trustee, if required), and (B) any and all such Pledged Revenues received by the Trustee (whether from the University or otherwise) may, in the sole discretion of the Trustee, as applicable, be held by the Trustee for application against amounts owed to it, and/or then or at any time thereafter may be applied by the Trustee against, the Series 2017 Bonds and any Additional Bonds (whether matured or unmatured), such application to be in accordance with the Indenture. Any balance of such Pledged Revenues remaining after all amounts owed to the Trustee and on the Series 2017 Bonds and any Additional Bonds shall have been paid in full and the Financing Documents shall have been terminated shall be paid over to the University or to whomsoever may be lawfully entitled to receive the same.

#### **Appointment of Security Agent; Establishment of Revenue Fund** (*Section 4.4*)

As security for the prompt and complete payment of all amounts payable to the Trustee and payment when due (whether at the stated maturity, by acceleration or otherwise) of the Series 2017 Bonds and any Additional Bonds, the University, pursuant to the Pledge and Security Agreement, agrees as follows:

(A) The Trustee, pursuant to the Pledge and Security Agreement, is appointed by the University as security agent, and Trustee agrees to act as such and to accept all cash, other amounts, instruments, securities and investments to be delivered to or held by the Trustee pursuant to the terms of the Pledge and Security Agreement.

(B) The following special, segregated and irrevocable cash collateral account is, pursuant to the Pledge and Security Agreement, established by the Trustee, which shall be maintained at all times until the termination of the Pledge and Security Agreement: the Revenue Fund. All moneys, investments and securities at any time on deposit in the Revenue Fund shall constitute trust funds to be held in the custody of the Trustee for the purposes and on the terms set forth in the Pledge and Security Agreement.

(C) In order to secure the performance by the University of all of its covenants, agreements and obligations under the Financing Documents and the payment by the University of all amounts due on the Series 2017 Bonds and any Additional Bonds, and in furtherance (and not in limitation) of the provisions of the Pledge and Security Agreement, pursuant to the Pledge and Security Agreement, pledges and assigns to the Trustee, for the benefit of the Bondholders, and creates in favor of the Trustee, for the benefit of the Bondholders, a security interest in and to, the Revenue Fund, all cash, cash equivalents, instruments, investments (including Authorized Investments) and other securities at any time on deposit in the Revenue Fund and all proceeds of any of the foregoing. All moneys, cash equivalents, instruments, investments (including Authorized Investments) and securities at any time on deposit in the Revenue Fund shall constitute collateral security for the payment by the University of all amounts due under the Series 2017 Bonds and any Additional Bonds and the performance and observance by the University of all the covenants and conditions contained in the Financing Documents and shall at all times be subject to the control of the Trustee and shall be held in the custody of the Trustee for the purposes of, and on the terms set forth in, the Pledge and Security Agreement. The University shall not have any right or power to distribute or to direct the Trustee to distribute any amounts in the Revenue Fund or any part thereof except in accordance with the provisions of the Pledge and Security Agreement.

(D) Upon the occurrence and continuation of an Event of Default, the University shall deposit or cause all Pledged Revenues to be deposited in the Revenue Fund immediately upon receipt thereof. The money from time to time in the Revenue Fund shall be applied by the Trustee, for the purpose of making the deposits required to be made to the following Funds or accounts created under the Indenture in the following order of priority: (1) the Bond Fund; (2) such account as the University shall have established for the payment of principal or interest on Subordinated Indebtedness, if any; and (3) if, on the last Business Day of any June or December, or in the event that (a) the balance on deposit in the Bond Fund shall equal the Debt Service Payment for the next Bond Payment Date, and (b) the Trustee shall have received from the University sufficient moneys to permit the Trustee to make all other deposits to other funds or accounts established under the Indenture required by the Indenture to be made into such funds and accounts as of such Business Day, then the Trustee shall notify the University, and the University may withdraw free and clear of the Lien of the Pledge and Security Agreement all amounts then on deposit in the Revenue Fund that are in excess of the total of (x) the amount to be transferred from the Revenue Fund to the Bond Fund, and (y) any amounts required by the Indenture to be transferred to other funds or accounts established under the Indenture from the Revenue Fund during the current or the next ensuing calendar month.



(E) Any deposit made into the Revenue Fund under the Pledge and Security Agreement shall be irrevocable and the amount of such deposit and any instrument or security held in the Revenue Fund under the Pledge and Security Agreement and all interest thereon shall be held in trust by the Trustee and applied solely as provided in the Pledge and Security Agreement.

(F) Before an Event of Default, any cash held by the Trustee in the Revenue Fund shall be invested by the Trustee from time to time in Authorized Investments as the University shall determine and specifically direct in writing. Any income or gain realized as a result of any such investment shall be held as part of the Revenue Fund and reinvested or released as provided in the Pledge and Security Agreement. Any income tax payable on account of any such income or gain shall be payable by the University as an expense of the Project. The Trustee shall have no liability for any loss, fee, tax or other charge resulting from any such investment, reinvestment or sale thereof other than by reason of their willful misconduct or gross negligence. Any such investment may be sold (without regard to maturity date) by the Trustee whenever necessary to make any withdrawal or distribution required by the Pledge and Security Agreement. The Trustee will promptly notify the University of any loss resulting from any such investment and the University shall thereupon reimburse the Revenue Fund.

(G) Cash and Authorized Investments on deposit from time to time in the Revenue Fund shall be valued by the Trustee in the same manner as described in the Indenture.

**Remedies Not Exclusive; Waiver and Notice** *(Section 4.5)*

No remedy conferred upon or reserved to the Trustee under the Pledge and Security Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Pledge and Security Agreement now or existing after the date of the Pledge and Security Agreement at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default under the Pledge and Security Agreement shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

In order to entitle the Trustee to exercise any remedy reserved to it in the Pledge and Security Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in the Pledge and Security Agreement.

In the event any provision contained in the Pledge and Security Agreement shall be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Pledge and Security Agreement.

No waiver, amendment, change, alteration, release, discharge, modification or termination of the Pledge and Security Agreement shall be established by conduct, custom or course of dealing.

**Amendments** *(Section 5.6)*

No waiver, amendment, change, modification, release, discharge, alteration or termination of the Pledge and Security Agreement shall be made except upon the written consent of the University and the Trustee.

**Discharge of University's Obligations and Termination of the Pledge and Security Agreement** *(Section 5.11)*

When all amounts owed under the Series 2017 Bonds and any Additional Bonds have been paid in full and the Series 2017 Bonds and any Additional Bonds are no longer Outstanding, then, and only then, the Pledge and Security Agreement and the security interests created by the Pledge and Security Agreement shall be null and void and shall be released in due form, at the University's expense; otherwise, it shall remain in full force and effect. No release of the Pledge and Security Agreement, or of the Lien, security interest or assignment created and evidenced by the Pledge and Security Agreement, shall be valid unless executed by the Trustee. The Trustee, upon the University's request and at the University's expense, shall deliver to the University all documents evidencing such release. On the date of such discharge, the University shall be released from any and all conditions, terms, covenants or restrictions created or placed upon it by the Pledge and Security Agreement and the University shall not have any further obligation or liability under the Pledge and Security Agreement.

[END OF APPENDIX F]

**APPENDIX G**

**FORM OF APPROVING OPINION OF BOND COUNSEL**

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**FORM OF APPROVING OPINION OF BOND COUNSEL**

[CLOSING DATE]

St. Lawrence County Industrial Development Agency  
Civic Development Corporation  
19 Commerce Lane, Suite 1  
Canton, New York 13617

**Re:   \$30,275,000**  
**St. Lawrence County Industrial Development Agency**  
**Civic Development Corporation Tax-Exempt Revenue Bonds**  
**(Clarkson University Project), Series 2017**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the St. Lawrence County Industrial Development Agency Civic Development Corporation (the “Issuer”) of its Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2017 in the aggregate principal amount of \$30,275,000 (collectively, the “Bonds”).

The Bonds are authorized and issued pursuant to (i) Section 1411 of the Not-for-Profit Corporation Law (“N-PCL”) of the State of New York, as amended (hereinafter collectively called the “Act”), (ii) a bond resolution adopted by the members of the Issuer on April 11, 2017 (the “Bond Resolution”) and (iii) an Indenture of Trust dated as of April 1, 2017 (the “Indenture”) by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”), for the purpose of issuing the Bonds to finance a portion of the costs of a certain project (the “Project”) for the benefit of Clarkson University (the “University”) consisting of (A) (1) the acquisition and installation of improvements to facilities located on the University’s Hill Campus situated on approximately 640 acres off of Maple Street (Route 11) in the Village of Potsdam, Town of Potsdam, New York (the “Hill Campus”), including utilities, roadways, parking areas and water management facilities, (2) the renovation, reconstruction and equipping of the Ross-Brooks Dining Hall located on the Hill Campus, (3) the renovation, reconstruction and equipping of the Holcroft House located on the Hill Campus, (4) the replacement of the existing roof at the Indoor Recreation Center located on the Hill Campus, (5) the renovation, reconstruction and equipping of the Cheel Arena located on the Hill Campus, (6) the completion of site work related to the Woodstock Village apartment complex located on the Hill Campus, (7) the reconstruction of an existing roadway located on the Hill Campus beginning at the westerly end of the entrance to the parking lot for the Townhouse Apartments complex and ending at the westerly end of the parking lot for the Woodstock Village and Andrews S. Schuler Educational Resources Center all located on the Hill Campus, as well as the reconstruction of the driveway loop at the southern entrance of the Center for Advanced Materials Processing located on the Hill Campus, including drainage improvements, curbing,

sidewalks, lighting and site grading thereon and therein and (8) the acquisition and installation thereon and therein of various machinery and equipment; (B) the refinancing of all or a portion of the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 2003 issued for the benefit of the University, the proceeds of which were applied to finance (1) the renovation and reconstruction of the Hamlin-Powers Residence Hall located on the Hill Campus (the “2003 Facility”), including grading or improvement of the site, (2) the acquisition and installation in the 2003 Facility of certain machinery and equipment and (3) the refinancing of the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 1990 issued to finance the construction and equipping of the Cheel Student Center located on the Hill Campus; (C) the refinancing of all or a portion of the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 2007 issued for the benefit of the University, the proceeds of which were applied to finance (1) the acquisition and installation of a telephone system on the Hill Campus and the University’s Old Main Campus situated on approximately 15 acres off of Elm Street in the Village of Potsdam, Town of Potsdam, New York and (2) the refinancing of (a) the University’s 1998 Consolidated Term Loan from KeyBank National Association that refinanced the cost of improvements to the William J. Rowley Science and Engineering Laboratories, the Townhouse Apartments and the Andrew S. Schuler Educational Resources Center all located on the Hill Campus; (b) the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 1999A issued to finance the construction of a new academic building for the School of Business and the School of Liberal Arts, the construction of the Denny Brown Adirondack Lodge and the Deneka Family Fitness Center all located on the Hill Campus; (c) the Development Authority of the North Country Civic Facility Revenue Bonds (Clarkson University Project), Series 1999A issued to finance the renovation of the Ross, Brooks, Reynolds, and Cubley Residence Halls and Clarkson Hall all located on the Hill Campus; and (d) the St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds (Clarkson University Project), Series 2001A issued to finance the construction of an addition to and the renovation of Alumni Gym and the renovation of the Science Center all located on the Hill Campus; and (D) paying certain costs and expenses incidental to the issuance of the Bonds.

Under the terms of the Indenture and a Loan Agreement dated as of April 1, 2017 by and between the Issuer and the University (the “Loan Agreement”), the Issuer has made a loan to the University in an amount equal to the principal amount of the Bonds for the purposes of financing the Project, and the University has agreed to undertake the Project and to make the loan payments in such amounts and at such times as will be sufficient to pay principal of, premium, if any, and interest on the Bonds as the same become due and payable and to make certain other payments with respect to the Bonds as described therein.

The Issuer has assigned and pledged to the Trustee under the Indenture and a Pledge and Assignment dated as of April 1, 2017 (the “Pledge and Assignment”) all of its rights, title and

interest in the Loan Agreement (except certain rights to the extent reserved by the Issuer thereunder) as security for payment of the principal of, premium, if any, and interest on the Bonds.

The University has executed and delivered a certain Tax Compliance Agreement dated the date of issuance of the Bonds (the “Tax Compliance Agreement”), in which the University has made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to the compliance with the requirements imposed by the Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department promulgated thereunder (collectively, the “Code”).

As bond counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents (including all documents identified in the closing memorandum with respect to issuance of the Bonds) as we have deemed necessary or appropriate for the purposes of the opinion expressed below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and have assumed the accuracy and truthfulness of the factual information, expectations, conclusions, representations, warranties, covenants and opinions of the Issuer, the University, the Trustee and their counsel and representatives as set forth in the various documents executed and delivered by them or any of them and identified in the closing memorandum for the Bonds.

Based upon the foregoing, we are of the opinion that:

1. The Issuer is a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York and is duly organized and existing under the laws of the State of New York.
2. The Issuer is duly authorized and empowered by law to issue, execute, sell and deliver the Bonds for the purpose of financing the Project.
3. The Bond Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect and is valid and binding upon the Issuer in accordance with its terms.
4. The Indenture, the Loan Agreement and the Pledge and Assignment have been duly authorized by and lawfully executed and delivered by the Issuer and (assuming the due authorization, execution and delivery by the other respective parties thereto) are valid, legally binding and enforceable against the Issuer in accordance with their respective terms.
5. The Bonds have been authorized, executed and delivered by the Issuer and are legal, valid and binding limited obligations of the Issuer, payable solely from the revenues and other monies of the Issuer derived from the payments made by the University to the Issuer pursuant to the Loan Agreement, and enforceable in accordance with their respective terms.

6. The Bonds do not constitute a debt of the State of New York or of St. Lawrence County, New York and neither the State of New York nor St. Lawrence County, New York will be liable thereon.

7. As of the date of delivery of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes, except that the University or another person, by failing to comply with the requirements contained in the Code, may cause interest on the Bonds to become included in gross income retroactive to the date hereof. Moreover, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. In addition to the foregoing exceptions, the opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the University comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the University have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The difference between the principal amount of the Bonds maturing on September 1 in the years 2033 through 2037, inclusive, and 2044, respectively (collectively, the “Discount Bonds”), and the initial offering price to the public (excluding bond houses, brokers and other intermediaries, or similar persons acting in the same capacity of underwriters or wholesalers), at which price a substantial amount of such Discount Bonds of the same maturity is first sold, constitutes original issue discount, which is not included in gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest, and that the basis of a Discount Bond acquired at such initial offering price by an initial purchaser of such an owner’s adjusted basis for purposes of determining an owner’s gain or loss on the disposition of a Discount Bond will be increased by the amount of such accrued original issue discount. A portion of the original issue discount that accrues in each year to an owner of a Discount Bond that is a corporation will be included in the calculation of such corporation’s federal alternative minimum tax liability. Consequently, a corporate owner of any Discount Bond should be aware that the accrual of original issue discount in each year may result in a federal alternative minimum tax liability, even though the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.



The Bonds maturing on September 1 in the years 2020 through 2032, inclusive, and 2047, respectively (collectively, the “Premium Bonds”) are initially offered to the public at prices greater than the amounts payable thereon at maturity. As a result of the tax cost reduction requirements of the Code relating to amortization of bond premium, under certain circumstances, an initial owner of Premium Bonds may realize a taxable gain upon disposition of such Premium Bonds even though they are sold or redeemed for an amount equal to such owner’s original cost of acquiring such Premium Bonds. Owners of Premium Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

8. Under the law existing as of date of delivery of the Bonds, interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof.

In rendering this opinion, we advise you of the following:

(a) The enforceability of the Bonds, the Loan Agreement and the Indenture may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law or enactment now or hereafter enacted by the State of New York or the federal government affecting the enforcement of creditors’ rights generally and by the general principles of equity, including limitations on the availability of the remedy of specific performance which is subject to discretion of the court.

(b) We are not passing upon, do not assume any responsibility for, and make no representation that we have independently verified the accuracy, completeness or fairness of any statements, information or financial data supplied to you in respect of the Bonds, any of the Financing Documents (as defined in the Indenture), the Project or the financial condition of the University.

(c) In rendering the opinion set forth in paragraphs 7 and 8 above, we have relied upon, among other things, certain representations and covenants of (i) the Issuer in the Indenture, the Loan Agreement, the General Certificate of the Issuer dated the date hereof, and (ii) the University in the Loan Agreement, the Tax Compliance Agreement and the General Certificate of the University dated the date hereof. We call your attention to the fact that there are certain requirements contained in the Code with which the Issuer and the University must comply from after the date of issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for federal income tax purposes, and consequently to remain exempt from personal income taxes imposed by the State of New York or any political subdivision thereof. The Issuer, the University or any other person, by failing to comply with such requirements, may cause interest on the Bonds to become includable in gross income for federal tax purposes and therefore subject to personal income taxes imposed by the State of New York and any political subdivision thereof, in each case retroactive to the date of issuance of the Bonds. We render no

St. Lawrence County  
Industrial Development Agency  
Local Development Corporation  
[CLOSING DATE]  
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opinion as to any other federal, state or local tax consequences with respect to the Bonds, or the interest thereon, if any change occurs or action is taken or omitted under the Indenture, the Loan Agreement, the Tax Compliance Agreement, or under any other relevant documents by the Issuer or the University without the advice or approval of, or upon the advice or approval of any bond counsel other than, Bond, Schoeneck & King, PLLC.

Very truly yours,

## **APPENDIX H**

### **FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”), dated as of April 1, 2017 between Clarkson University (the “University”) and Manufacturers and Traders Trust Company, as dissemination agent (the “Dissemination Agent”), is executed and delivered in connection with the issuance by the St. Lawrence County Industrial Development Agency Civic Development Corporation (the “Issuer”) of \$30,275,000 aggregate principal amount of its Tax-Exempt Revenue Bonds (Clarkson University Project), Series 2017 (the “2017 Bonds”). The 2017 Bonds are being issued pursuant to a Trust Indenture dated as of April 1, 2017 (the “Indenture”) between the Issuer and Manufacturers and Traders Trust Company, as trustee. The University covenants and agrees as follows for the benefit of the Bondholders (as defined below):

Section 1. Purpose of Agreement. This Agreement is being executed and delivered by the University for the benefit of the Bondholders. The University acknowledges that the Issuer and the Dissemination Agent have undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement (except for the Dissemination Agent’s obligation to file with the MSRB reports provided by the University pursuant to this Agreement), including their accuracy and completeness, and have no liability to any Person, including any Bondholder and the Underwriter, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in the first paragraph of this Agreement or in this Section, the following capitalized terms shall have the meanings indicated below.

“Annual Report” shall mean any Annual Report provided by the University pursuant to Section 4(a) of this Agreement.

“Bondholder” or “Holder” of a 2017 Bond shall mean any registered owner of any of the 2017 Bonds or any Person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the 2017 Bonds (including Persons holding through any nominee, securities depository or other intermediary, including any beneficial owner, or (ii) is treated as the holder of any of the 2017 Bonds for federal income tax purposes.

“EMMA” means the Electronic Municipal Market Access system of the MSRB as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to or as may be prescribed by the MSRB for purposes of the Rule and approved by the SEC from time to time. A current list of such systems may be obtained from the SEC at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“Fiscal Year” means the fiscal year of the University ending on June 30 of each calendar year.

“Listed Events” shall mean any of the events listed in Section 4(c) of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15(B)(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor organization.

“Official Statement” shall mean the Official Statement dated April 12, 2017 used in connection with the sale of the 2017 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Underwriter” shall mean George K. Baum & Company.

### Section 3. Content of Annual Reports.

(a) Each Annual Report shall each contain:

(i) a copy of the annual financial statements with respect to the University, prepared in accordance with generally accepted accounting principles and audited by a certified public accountant; and

(ii) an update of the information of the type set forth in Appendix A to the Official Statement in the tables under the headings “APPLICATIONS, ADMISSIONS AND ENROLLMENT,” “GIFTS” and “ENDOWMENT.”

### Section 4. Provision of Annual Reports, Annual Budget and Notices of Listed Events.

(a) Within 160 days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2017, the University shall provide to the Dissemination Agent copies of the Annual Report and written direction to file such Annual Report with the MSRB. In each case, the Annual Report may be submitted by the University as a single document or as separate documents comprising a package, and may cross-reference other information to the extent permitted by the Rule. Notwithstanding the foregoing, the audited financial statements of the University may be submitted separately from the balance of the Annual Report when such audited financial statements are accepted by the Board of Trustees of the University, which may be later than 160 days after the end of each Fiscal Year but no later than nine months after the end of each Fiscal Year.

(b) In addition to the Annual Report, the University shall provide to the Dissemination Agent a copy of the University’s annual budget for each fiscal year, within ten (10) Business Days after the date such annual budget is approved by the University’s Board of Trustees, estimated to occur on or before November 15 of each year, but in any event by no later than November 30, and written direction to file a copy of such annual budget with the MSRB.

(c) In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the University shall deliver to the Dissemination Agent for filing with the MSRB notice of any of the following events with respect to the 2017 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the 2017 Bonds, or other material events affecting the tax status of the 2017 Bonds;
- (vii) Modifications to rights of the Holders of the 2017 Bonds, if material;
- (viii) Bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property, if any, securing repayment of the 2017 Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the University;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(d) In a timely manner and to the extent it has actual knowledge of such event, the Dissemination Agent shall give the MSRB notice of any failure by the University to provide any information required pursuant to subsection (a), (b) or (c) above within the time limit specified therein.

Section 5. Report by Dissemination Agent. Concurrently with the delivery to the MSRB of any information required pursuant to Section 4(a), 4(b), 4(c) or 4(d) above, the Dissemination Agent shall file a certificate with the University stating that it has filed such information with the MSRB.

Section 6. Termination of Agreement. The obligations of the University under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the 2017 Bonds. The University shall provide the Dissemination Agent with written notice that the obligations of the University under this Agreement have terminated and a written request that the Dissemination Agent file a copy of such notice with the MSRB. If the obligations of the University under the Loan Agreement are assumed in full by another obligated person (as defined in the Rule), such Person shall be responsible for compliance with this Agreement in the same manner as if it were the University, and the University shall have no further responsibility hereunder.

Section 7. Amendment. The obligations of the University under this Agreement may be amended, without notice to or consent of the Holders of the 2017 Bonds, to the extent required or permitted as a result of a change in the legal requirements, or in connection with a change in the identity, nature, corporate organization, or status of the University, or the type of business conducted by the University, or in connection with a corporate reorganization of the University; provided that any such modification of the obligations of the University under this Agreement shall be done in a manner consistent with the Rule and either (i) does not materially impair the interests of Bondholders, in the determination of the Dissemination Agent (which may be based on an opinion of counsel); or (ii) is approved by the Holders of a majority in aggregate principal amount of the 2017 Bonds.

Section 8. Additional Information. Nothing in this Agreement shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the University chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the University shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 9. Transmission of Information and Notices. Unless otherwise required by law, all documents provided to the MSRB in compliance with Section 4 shall be provided to the MSRB in an electronic format and shall be accompanied by identifying information, in each case as prescribed by the MSRB. As of the date of this Agreement, the MSRB has established EMMA as its continuing disclosure service for purposes of the Rule, and unless and until



otherwise prescribed by the MSRB, all documents provided to the MSRB in compliance with Section 4 shall be submitted through EMMA in the format prescribed by the MSRB.

Section 10. Default. Any Bondholder may enforce the obligations of the University and the Dissemination Agent under this the Agreement; provided however that (i) any breach of such obligations shall not constitute or give rise to a default or an Event of Default under the Indenture, the Loan Agreement, the 2017 Bonds or any other document or agreement relating to the 2017 Bonds, and (ii) the sole remedy for any such breach shall be to compel specific performance of the obligations of the University under this Agreement.

Section 11. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter, the University and Bondholders, and shall create no rights in any other Person.

Section 12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York and the Rule.

Section 13. Severability. In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 14. Dissemination Agent's Rights and Duties. The Dissemination Agent shall have only such duties as are specifically set forth herein. The Dissemination Agent (i) shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection therewith, except for its own gross negligence or willful misconduct, (ii) shall not be obligated to take any legal action or other action hereunder, which might in its judgment involve any expense or liability unless it has been furnished with indemnification satisfactory to it, and (iii) shall be entitled to consult with counsel satisfactory to it, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion of such counsel. The duties and responsibilities of the Dissemination Agent hereunder shall be determined solely by the express provisions of this Agreement, and no further duties or responsibilities shall be implied. The Dissemination Agent shall not have any liability under, or duty to inquire into the terms and provisions of any agreement or instructions, other than as outlined in the Agreement. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Dissemination Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Dissemination Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by the other parties hereto. In the administration of this Agreement, the Dissemination Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Dissemination Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled

persons. The Dissemination Agent may resign and be discharged of its duties and obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. Any corporation or association into which the Dissemination Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Dissemination Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Dissemination Agent in its individual capacity may be sold or otherwise transferred, shall be the Dissemination Agent under this Agreement without further act. The University covenants and agrees to defend, indemnify and hold the Dissemination Agent and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, reasonable legal fees and expenses and the costs and expenses of defending or preparing to defend against any claim ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Dissemination Agent is authorized to rely pursuant to the terms of this Agreement. In addition to and not in limitation of the immediately preceding sentence, the University also covenants and agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Dissemination Agent's performance under this Agreement provided the Dissemination Agent has not acted with gross negligence or engaged in willful misconduct. Anything in this Agreement to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Dissemination Agent has been advised of such loss or damage and regardless of the form of action. This Section 14 shall survive termination of this Agreement and the resignation or removal of the Dissemination Agent for any reason.

Section 15. Execution. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Notices. Unless otherwise provided herein, all notices, certificates, requests or other communications hereunder shall be given by telephone and promptly confirmed in writing and shall be deemed given when given by telephone or addressed as follows:

University: Clarkson University  
8 Clarkson Avenue  
Potsdam, New York 13699  
Attn: Chief Financial Officer  
Telephone: (315) 268-6689  
Telecopier: (315) 268-7723

Dissemination Agent: Manufacturers and Traders Trust Company  
One M&T Plaza, 7<sup>th</sup> Floor  
Buffalo, New York  
Attn: Corporate Trust Department  
Telephone: (716) 842-5935  
Telecopier: (716) 842-4474

Each of the above parties may, by written notice given hereunder to the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent. In addition, the parties hereto may agree to any other means by which subsequent notices, certificates, requests or other communications may be sent.

IN WITNESS WHEREOF, the parties hereto have each caused this Continuing Disclosure Agreement to be executed in its name and in its behalf, all as of the date and year first above written.

CLARKSON UNIVERSITY

By: \_\_\_\_\_  
Chief Financial Officer

MANUFACTURERS AND TRADERS  
TRUST COMPANY, as Dissemination  
Agent

By: \_\_\_\_\_  
Authorized Officer

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